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THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

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PRICE REDUCTIONS PAVE THE WAY FOR BETTER BUSINESS

Lower Wages and Reduced Transportation Costs Are Essential

DUTY OF THE FARMER

Implement Manufacturers Promise Price Reductions—Industry Still Unsettled—Exchange a Factor

The arguments which have been advanced in this column to show how the purchasing power of the farmer, particularly in Western Canada, has been reduced through the decline in the market for his products rather than by the harvest of last year, is borne out by statements contained in the budget speech of Hon. C. A. Dunning, provincial treasurer of Saskatchewan. The averave wheat yield for 1921 was 14.8 bushels per acre, as compared with 11.2 in 1920, and for oats 32.7, as compared with 27.7. All grains showed an increase average yield except rye, which decreased from 14.7 to 12.3. Dealing with the returns to the farmers, Mr. Dunning showed that the value of livestock had decreased from $241,000,000 to $186,000,000, and the value of dairy and garden products, including game and furs, had fallen from $38,397,000 in 1920 to $32,914,000. Declining to quote figures of the decline in the aggregate value of field grain he referred to the decrease as "staggering."

Confronted by such figures THE FINANCIAL POST has consistently urged that prices to the consumer must be brought down to a much lower level if the farmer—and agriculture is Canada's key industry—is to be enabled to buy, if goods are to move to the consumer in anything like a normal way and if industrial unemployment is to be relieved. The necessity too for labor both on the farm and in the city to take reduced wages to bring about an adjustment which will create more employment has been emphasized. Also it has been pointed out that everything possible should be done to bring down the costs of transportation without undermining the efficiency of our railroads.

The Farmer's Part

There is another point, too, to which expression might fittingly be given and that is the necessity for the farmer to adjust himself to new conditions as compared with the war-time period. He should recognize that the markets for his products are controlled by the fundamental economic laws of supply and demand—of production and consumption; that he must sell at a price the consumer can afford to pay and that as Canada has an exportable surplus of farm products that price is set by Europe where the buying power of the people is low and further reduced by the operation of exchange. The farmer, therefore, must not expect a return to high prices, nor should he listen to the politicains who tell him that his market can be controlled by a wheat board or any other form of legislation. The situation which the farmer faces has been effectively outlined in a circular sent by Chas. W. Williams of Galesburg, Ill., to his farmer tenants in the Regina district, which says in part:

"For whatsoever a man soweth, that shall he also reap." That saying is as true to-day as when our Master uttered it almost two thousand years ago. We as farmers of America have been sowing automobiles, tractors, trucks, gasoline engines, electric light plants, lightning rods, fine buildings, elegant furniture, loud wearing apparel, and a riotous and dissipated life. We have neglected our farms, refused to labor, and have spent money like drunken sailors, and now we are harvesting what we have sown in the years gone by, and it's a harvest most of us will not soon forget—one of sorrow and regrets, and great financial losses. The immediate future is not bright, but the clouds, if we are worthy, will some day pass away. It is back to the farm—back to the horse—back to hard work—back to economy—back to an honest, industrious life before God and man, and for those who accept this programme there is a brighter day coming. We are no worse off than farmers all over America, all have gone down together, for the same causes have brought about the same results, but located as we are in the greatest spring wheat country in all the world, we should recover from our present financial condition sooner than others, and will if we have faith in ourselves and in our great country.

The present prices for grain are on a low level and will remain there, and we should insist on better and cheaper farm labor; $35.00 per month for the entire season should secure the best of farm

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THE BUTTONS ON YOUR COAT

Twenty-four dollars a week is the scale still being paid by clothing manufacturers to the girls who sew on buttons. T. W. Learie rather startled the gathering at the luncheon tendered to the Scottish Woollen Trade Mark Association at Toronto by the National Newspapers and Periodicals Association when he gave these figures. It is hardly a matter for wonder that clothing is dear when other labor costs are in keeping with this figure.

When farmers are selling their products at prices which do not include a profit over the cost of production, they cannot afford to buy clothes made by workers who get twenty-four dollars a week for sewing on buttons. Until there is an adjustment there will not be a demand which will keep the clothing factories operating. Labor may hold out for the high scale of wages, and no one would object if they could be paid, but unemployment is the inevitable answer. Labor leaders may maintain wage standards but they cannot provide jobs.

LARKIN, HIGH COMMISSIONER

P. C. Larkin, Toronto, has been asked to take Perley's place as Canada's representative in London. He is considering it. The more a man of Mr. Larkin's type considers the conventional High Commissionership the less likely he is to accept it. The Prime Minister ought to take the earliest train for Toronto and get Mr. Larkin irrevocably committed. He will be doing as big a service for Canada as Meighen did when he cajoled Flavelle into the railway job.

Canada has hitherto been splendidly represented in English diplomatic and social circles. But to-day we need a man who can reach the masses as well as the classes. We need in London one who knows Canada thoroughly—the sentiments and interests of the people and the industries of the country; who has the courage to stand up for them and the capacity and energy to promote them. Primarily, above everything else, our High Commissioner should be a big salesman, to sell to the Empire and the world, Canadian farm lands, Canadian investments, Canadian produce—from our farms, from our mines, from our forests and from our waters. Mr. Larkin is the man for the job. He has had a more successful career as a salesman than any other man in Canada to-day. If the Government asked us to name a better we could not. We base this recommendation on an intimate knowledge of his public and business career for nearly forty years. Commercial traveller for a Montreal grocery store, which, failing, threw him on his own resources—a good beginning; then a small tea business of his own which, under his blustering energy, developed into the greatest of its kind not only in Canada but in the U.S. and probably the world. He had to be a good salesman, a good buyer, a good advertiser, then an efficient manufacturer and in recent years considerable of a builder. He has, in some foreign centres, like Boston, erected great big attractive ten storey buildings used exclusively for himself.

He has never hesitated to let the public knaw all about this. He has forced more free advertising out of Canadian papers than any other man we know of. But it had this redeeming feature: There has been no personal vanity in it—no faking. It has been all business promotion—clean and straight. There was no personal puffery.

Mr. Larkin has been something of an Imperialist—a practical Imperialist. He first sold a China and Japan blend tea but immediately British grown—Ceylon and India—became available he took them up and has handled practically no other since. But some parlor-Imperialists may not approve of Mr. Larkin. He is no dilettante diplomat. He never uses language to conceal his thoughts. Not that he is short of words. He is the reverse and you know exactly what he wants. He says so in very forcible language and with such overpowering energy that you have no chance to come back at him. He almost invariably gets what he wants, for his wants are always sane and practical. Our London Office will be no adjunct of the Colonial Office. There will be no "signing here" as in the past when British battleship builders wanted Canadian appropriations. He can make Canada, its people and resources better known to the world, from London, the world's centre, than they were ever known before.

DETROIT UNITED TO SHOW EARNINGS OVER $1,200,000

That Would Allow 8.23 Per Cent. on Stock Surpassing 1920

GROSS DOWN $6,000,000

From Our Own Correspondent

MONTREAL.—At the annual meeting of Detroit United Railway next week the financial statement it is learned, will show a surplus for the year 1921, after meeting interest charges and depreciation, of $1,265,000 an increase of about $32,000 over the previous year. Out of this there was paid only one dividend in cash so that close to $1,000,000 would be carried over to surplus account. The other three dividends were in stock, and two of these have been disallowed so far by the Utilities Commission of the State. It is understood that the gross earnings ran about $6,000,000 below those of 1920, when they were $29,000,000 but operating expenses were cut down somewhat more than this. The depreciation allowed in 1921 was much more than in the previous year. The surplus works out at 8.23 per cent. on the capital stock as compared with 8 per cent. the previous year.

The fight for proxies goes on steadily. The new interests headed by A. A. Gingras of this City claim a large majority now. On Tuesday 4,000 votes were sent in to him, of which 3,600, it is stated, represented cancellations of previous proxies sent in to the present management. A suggestion for a conference in New York between interests representing the present management and the group in revolt was turned down by the latter. By a peculiar provision in the Companies' Act of Michigan it is possible for any strong minority to gain representation on a Board of Direc-

MEN REPLACE WOMEN

From Our Own Correspondent

REGINA.—On January 31, married women holding provincial government appointments were released. The order which affected a score or more women, applies to all married women who are not supporting families.

This action, taken by the provincial authorities, will, it is anticipated, usher in a policy which all businesses in the province will follow, the procedure being advocated as an unemployment corrective.

Directors Must Explain—or Get Out

FOR SOME WEEKS past efforts have been directed to secure the underwriting of a $6,000,000 bond issue of Canada Steamship Lines, to improve its working capital, and, incidentally, to save the preferred dividend. The attempt that was started last fall fared badly.

The comparative failure of the first effort was due, as THE FINANCIAL POST pointed out in last week's issue, partly to the unattractive yield, possibly ½ per cent. lower than the market was prepared to accept readily.

But, mainly, it would appear to have been due to a widespread lack of confidence in a section of the directorate. That this is the case is evident from semi-official announcements that a proposed new underwriting would be conditional on several of the directors being replaced by new men—in an effort to restore public confidence.

This attitude, tactily recognized on the street, is a rather damning commentary upon certain of the directors: an implication that the best interests of the shareholders would be served if they were removed from the Board.

And why? To state the situation bluntly—and the time seems to have come for that—there is a feeling widely held, that some of the directors stand personally to benefit in too many purchases of vessels by the company. If their private interests are so extensive in Canadian shipping, is it to the best interests of the company, and the shareholders, that they remain in control of the company?

The Montreal Transportation Company was bought for $3,000,000. Several Canada Steamships directors owned a large proportion of the stock. Was too much paid—on a falling market? What are those boats worth to-day at current prices? What on a replacement basis?

The company's vessels are set down as worth $29,000,000. How far is this above current prices? How far above replacement value?

Year after year the company has shown profits of $3,000,000 to $4,000,000, and over $8,000,000, it has been stated, of undivided profits has gone back into the company's treasury. If so, why was it forced to pass the common dividend last year? Why is the preferred dividend so evidently tottering—for "the ticker does not lie."

Moreover the Voting Trust is an iniquity and must be dissolved. It is not only absurd but injurious to the shareholders' interests to have two men over in England control the company through the trust with the management and shareholders under their thumb, or the thumb of anyone else they happen to pick out to pass their majority vote.

The time has arrived, THE FINANCIAL POST believes, in the interests of the shareholders, for those directors to come out with such a complete and frank reply to rumors that they know exist, as will restore public confidence in themselves—or *RESIGN*, and let *OTHERS* assume responsibilities that involve securities of over $30,000,000.

More Genoa Conference Exposures

MAJOR R. W. BARNETT is a British M. P. prominent in the commercial life of the Empire, particularly in some of the big petroleum companies. He is well known to many Canadian military enthusiasts who have attended the Bisley meetings. He has been recognized as one of the authorities on domestic and international commerce. He is chairman of the Baker Oil Company. He knows Russia and Russian trade and was one of those who strongly opposed and exposed Lloyd George's Soviet trade agreement which was entered into in March last.

Besides exposing the fallacy of a big trade with the Soviet, he received much applause in the House when he said: "We were called a nation of shopkeepers by the great Napoleon, but, after all, even shopkeepers do not like trading with undischarged bankrupts or in stolen goods."

The Soviet propagandists in England and their very active agents in Canada public life and in the Canadian press, talk of the hundreds of millions of Russian orders—to be paid for in Russian gold—we are losing by not entering into a trade arrangement. Our own Department of Trade actually hired one of these agents to carry on propaganda and the British Government was put to great expense in "checking up" his activities and protecting Imperial interests.

Major Barnett now shows from the latest British Board of Trade figures that the total trade between Great Britain and Russia from January 1, 1921, to September 30—excluding imports of gold—and it was known where the gold came from—was only £418,973.

Lloyd George is now compelled by these figures to admit that "until Russia saw some means of restoring their belief in the probability of being paid he was afraid that trade with Russia would languish." But Lloyd George is so thoroughly under Soviet inspiration that, for the purpose of assisting them, he sprung the Genoa conference and is endeavoring to force Canada and the United States—the only two important countries not yet under German-Soviet influences—to officially attend and thus formally recognize the Soviet.

If the total trade between the entire United Kingdom and Russia for nine months amounts to less than $2,000,000 of our money, where in the name of common-sense can the Toronto Star and other friends of the Soviet in Canada find evidence to prove that Canada may lose millions of dollars by not taking part in the Genoa conference?

Simple Faith or Dumb Foolishness

MONTREAL.—Losses of the Merchants Bank were not by any means confined to advances made the bankrupt firm of Thornton Davidson & Company. Several millions, it is learned, were sunk in losses through loans for commercial purposes. Among the heavier losses, it is understood, was one of close to $1,000,000 made the Great Eastern Paper Company. One of the most glaring instances of reckless lending was that of the Exclusive Ladies' Wear; the total amount lent this firm was over $622,000. If 10 per cent. of this is realized the result will meet the average expectation. A few details will be of interest to shareholders in pressing for an investigation into the whole conduct of the management in relation to commercial and call loans.

Back in 1915 Kussner Bros. owed the Merchants Bank $80,000, secured by a stock of laces, nearly all of which remains unto this day. Exclusive Ladies' Wear organized that year, nominally bought those laces, although a large part of the purchase money was supplied by the Merchants Bank. In 1916 the directors acknowledged an indebtedness to the bank of $100,000. For several years the bank advanced the company cheerfully and unstintedly 100 per cent. on all the goods they purchased, for which warehouse receipts were tendered. (On some of these goods prices slumped 75 per cent.). On September 1, 1920, the amount due the bank was $622,591.39—credit given a firm that started practically on a shoe string.

During 1920 a member of the firm went over to England and purchased goods to the amount of about $300,000, and when these goods were delivered it would appear the liens were immediately granted to the bank.

Legal proceedings have been taken by some of the British manufacturers against the bank. One Nottingham firm declared in a deposition that a representative of the Exclusive Ladies' Wear at the time he bought the goods knew that his company was insolvent and declared that his action was taken with the knowledge of the bank itself. An action was launched in order to force the Merchants Bank to return to plaintiff the goods, or in default to pay plaintiff the sum of £2327 5s. d. equivalent in Canadian currency to the sum of $11,336.49, the whole with costs."

Elsewhere in this issue court stenographers' records have been called upon to establish the responsibility of the general manager and the local manager. New points made clear this week are:

The bank's advances to Thornton Davidson & Company reached $4,600,000 at one time.

The general manager appointed Cameron as partner in the brokerage firm in 1915, when it was even then insolvent, and cannot shift all responsibility on to Kippen's shoulders for the subsequent disaster.

Kippen benefitted by withdrawal of his account at a time when he knew the firm was insolvent, and later was forced to pay back to the trustee for the Thornton Davidson creditors the sum of $17,500.

Verbatim Extracts From Proceedings in Superior Court Before Mr. Justice Maclennan in Connection With Application of Hugh G. Davidson for a Discharge From Bankruptcy

Why Kippen Paid Back $17,500

W. F. Finlayson, examined by Mr. Chauvin, K.C., of Counsel for the Contestants.

Q.—You are the trustee in this matter?

A.—Yes.

Q.—Have you examined the books of the bankrupts?

A.—Yes.

Q.—Without ascertaining a definite figure, what length of time would it take to ascertain approximately?

A.—I can say now the firm was hopelessly insolvent in the month of May (1920).

Q.—And in June?

A.—Yes.

Q.—In all three months?

A.—Yes.

Q.—The firm was absolutely insolvent?

A.—Yes.

BY MR. CHAUVIN: That is sufficient then.

For how long prior to May 1920 was the firm hopelessly insolvent?

A.—That I could not say definitely.

Q.—Approximately?

BY THE COURT: It is only guesswork.

BY MR. CHAUVIN:

Q.—Was it hopelessly insolvent in your opinion in February?

A.—I could say the firm was insolvent when Cameron was taken into partnership.

Q.—And continued insolvent until May, 1920?

A.—Yes.

BY MR. ALEXANDER:

Q.—According to your belief?

A.—According to the facts. They took over a large debit balance.

Q.—Facts which you have ascertained from the books?

A.—Yes.

BY MR. CHAUVIN

Q.—The point I am getting at is, if during the period May, June and July 1920 the firm did not release to any customers, securities?

A.—Yes, they did.

Q.—Have you a record of these?

A.—Not at the moment.

BY THE COURT.

Q.—I suppose the books disclose that?

A.—The only cases I went into are in connection with the bank. I do not know the other clients. It is a question of going in to ascertain if securities had been delivered to people who had knowledge of the insolvency and in that particular instance there was only one case I know of, that is J. D. Kippen.

Q.—When did he withdraw his securities.

A.—On or about the 20th of May, 1920.

Q.—What was the value of his securities that he withdrew?

A.—Approximately one hundred and one thousand dollars ($101,000).

BY THE COURT:

Q.—Had he paid for them to the firm?

A.—He gave a cheque of fifteen thousand dollars ($15,000) approximately with the debit balance appearing against him in the account and got delivery of the securities which at that time were worth approximately one hundred and on thousand dollars ($101,000).

Q.—Does that mean he paid for them in full?

A.—Yes, they were paid for in full. The only debit appearing against him in the books was fifteen thousand dollars ($15,000) and he paid that off and took delivery.

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HOW TO PREVENT INVESTORS FROM LOSING OWN MONEY

That is Question Which is a Puzzle to Legislators

MILLIONS BEING LOST

But Would Government Officials be Able to Judge Wisely?—Approval Might Prove a Menace

Public opinion is being aroused on the question of protecting the public from unsound investments and unscrupulous stock salesmen. The agitation is the result of the awakening of many who have been buying "pigs in pokes," and the realization of hundreds that they have recklessly invested their money, making few inquiries and blindly hoping for a financial miracle—and now there is a frantic effort to lock the door after the steed has been stolen. Boards of trade and other public bodies have joined in the cry that "something must be done" and demands are being made on provincial and federal governments for some form of legislation which will prevent people from losing their own money.

Such an agitation is not a matter for surprise. Millions have been recklessly invested during the recent period of good times in precarious ventures which were glowingly painted as promising big returns—in many cases Victory bonds have been sold to invest in projects which have had little attraction apart from the promises of suave salesmen—and now the cold realities must be faced.

But what is to be done about it? How, by legislation, are the people to be prevented from losing their money? Queens Park and other provincial legislative seats are considering the matter very seriously as Parliament Hill has in the past but without there being a clear solution offered. The big question is involved in a question which is asked by Premier Drury:

"How can the government appoint a corps of officials who will be as good judges of investments offered as the people who are putting up their own money?"—And the question is not easy to answer.

The insidious danger of the so-called Blue Sky legislation is that it sets up certain standards by which securities shall be judged by the government and experience shows that when once issues can be passed under these regulations they are regarded by investors as bearing something in the nature of a government guarantee. The result is that clever and unscrupulous lawyers find it lucrative to pick holes in the legislation under which certain issues can be passed and then the suave salesmen can glibly declare they are offering something passed by the government which is "just as good" as government bonds and carrying a higher return.

Experience with legislation of the Blue Sky order has been that in some cases certain issues are passed which are not sound while others which offer a fair proposition to the investor are ruled out because of technical objections. Then there are mining securities, for instance, which would often come under the ban of Blue Sky laws but which are always speculative in character and should be so recognized by the public. Mining development would probably suffer under legislative regulations rigidly enforced.

The present agitation while obviously a public one is not altogether so to judge from some of the forces behind which are in evidence. Certain promoters evidently believe that the legislation proposed would not be so rigid but what they could get their proposition passed and then what could only now be regarded as a speculation would look like a sound investment to the small investor. Then there are other issues which have been hanging over the market and which those interests evidently believe could be passed and given the stamp of government approval.

However, in considering the dangers of Blue Sky legislation it does not follow that all possible safeguards are now being exercised for the protection of the investing public. The more rigid enforcement of the present fraud laws with more severe penalties would do much. But more regarding this next week.

Douglas Vickers, M. P., speaking at the meeting of the parent Vickers in England, said that they held practically 95 per cent. of the ordinary shares of the Canadian Vickers Company at Montreal.

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Head Office: Montreal. Established 1864.

Paid-up Capital	$10,500,000	Total Deposits (Apr. 30, 1921	$154,911,487
Reserve Fund ...	1,500,000	Total Assets (Apr. 30, 1921)	$190,367,409

President: SIR H. MONTAGU ALLAN, C.V.O.
Vice-President: F. HOWARD WILSON.
Acting General Manager: H. B. MACKENZIE.
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Notice is hereby given that a dividend at the rate of 10% per annum upon the paid up capital stock of the Union Bank of Canada has been declared for the current quarter, and that the same will be payable at its Banking House in the City of Winnipeg, and also at its branches, on and after Wednesday, the first day of March, 1922, to shareholders of record at the close of business on the 13th day of February next.

The Transfer Books will be closed from the 14th to the 28th day of February, both days inclusive.

By order of the board.
H. B. SHAW
General Manager.
Winnipeg January 20th, 1922.

The Bank of Nova Scotia
Established 1832

Capital	$ 9,700,000
Reserve Fund	19,000,000
Total Assets	225,000,000

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HOW THE FINANCE ACT OPERATED DURING THE WAR

Gold Payments Suspended and Notes of Banks Used

ADMINISTRATION

Former Minister of Finance Tells of the Relationship Between the Government and the Banks

By SIR THOMAS WHITE,
From an Address Before the Toronto Bankers' Educational Association.

In dealing with the important Finance Act, 1914, it will be convenient if I state briefly the conditions existing before the war and those which, after the war was declared, made it necessary to change the law. Prior to August, 1914, the banks, like others, were required to make payment of their obligations to the public in legal tender, that is to say, in Dominion notes or in gold. In the event of a "run" upon a bank, its depositors could refuse to accept the Bank's notes in payment of the amount owed them by the bank and could demand gold or Dominion notes. The result was that in a period of financial panic, when heavy demands were made upon the banks, they became very anxious about their reserves and their ability to meet all the demands which might be made upon them. In consequence the banks felt it incumbent upon them to carry very large reserves in gold and Dominion notes in Canada and in call loans in New York, which was supposed to be the equivalent of gold. Owing to there being no way of obtaining legal tender except by the deposit of gold with the Finance Department, business throughout Canada, in time of crisis, was greatly limited in bank credits. Furthermore, the large amount of money required to move our western crop, which was increasing in amount yearly, threw a very heavy strain upon the banks and forced them to curtail credits to the rest of the community while this crop movement continued. The provision for excess circulation met this to some extent but was not an adequate remedy in years of money tightness. In 1907, which was a year of financial panic, with suspension of gold payment in United States, the situation had to be met by arbitrary action on the part of the Government in making advances in Dominion notes upon security, to the banks, for the purpose of making them more liquid. The action of the Government in this instance was confirmed by Parliament.

Gold Payments Suspended

When the war broke out financial panic immediately ensued and "runs" began in various parts of Canada upon Canadian banks. In order to meet the situation, the Government announced the suspension of gold payments, authorized the banks to pay their depositors in bank notes instead of in legal tender, brought into effect before August 31st the excess circulation provision, and provided for advances in Dominion notes to the banks upon approved securities lodged as collateral with the Finance Department. This action on the part of the Government at once restored confidence and put an end to panic. Later, it was embodied in permanent legislation, which is available in case of war, riot, insurrection, or actual or apprehended financial panic. For the time being, under existing legislation, gold payment is still suspended in Canada, the banks may still pay their depositors in their own notes and may obtain advances from the Finance Department upon approved security. By statute and proclamation, these provisions are in effect until two years after the termination of the war, that is to say, until August 31st, 1923. It may be necessary to extend this period if our exchange is not on a parity with that of United States by that time. Apart from any condition of panic, real or apprehended, my own view is that the Act should be amended so as to enable the banks at all times to obtain Dominion notes from the Department against the deposit of commodity bills which run for short periods, and bring in exchange which is the equivalent of gold. The Finance Act, 1914, in reality turns the Finance Department into a Federal Reserve Bank of Rediscount and gives flexibility to our banking system, which it did not possess before this measure was enacted.

As to Dominion notes. You are aware that the Dominion, through the Department of Finance, issues notes which are legal tender in Canada. Prior to the war, these notes were issued protected, as to the first thirty million dollars, by twenty-five per cent. of gold, and after thirty million dollars against gold, dollar for dollar. In August, 1914, the total issue of Dominion notes outstanding amounted to $112,000,000. Of this amount, $90,000,000 was held by the

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Verbatim Extracts From Proceedings in Superior Court Before Mr. Justice Maclennan in Connection With Application of Hugh G. Davidson for a Discharge From Bankruptcy

(Continued from page 1)

BY MR. CHAUVIN:
Q.—Who is Mr. Kippen?
A.—Local manager of the Merchants' Bank of Canada.
Q.—At that time he was local manager of the Merchants' Bank?
A.—Yes.
Q.—And had he charge of the account of the firm with the Bank? Would that come under his supervision?
A.—That I am not prepared to state definitely. I am given to understand that practically all transactions were conducted between Mr. Kippen and various members of the firm.
BY MR. ALEXANDER, K.C.: One question I would like to ask. The trustee was asked a question in connection with certain securities withdrawn from the firm, I presume illegally, and I would like to clear that point up.
BY THE COURT: There is no presumption of illegality.
BY MR. CHAUVIN: Yes, there is, taking into account the firm was insolvent and the man who withdrew them knew it was insolvent, and it is a preference over all the other creditors. He was the assistant manager of the Bank.
BY MR. ALEXANDER:
Q.—Did you take any steps in connection with the account of Mr. Kippen, and particularly in connection with his securities which you stated were withdrawn by him immediately prior to the bankruptcy.
A.—Yes.
BY THE COURT:
Q.—Withdrawal took place about the 20 of May?
A.—Yes.
BY MR. ALEXANDER:
Q.—That is within three months prior to the bankruptcy?
A.—Yes.
Q.—Did you get a settlement from Kippen in connection with the securities?
A.—Yes.
by the inspectors?
Q.—Was the settlement approved
A.—Yes.
Q.—According to your minutes?
A.—Yes.
BY THE COURT:
Q.—How much did you get out of him?
A.—$17,500.

Merchants Bank Lent Brokers $4,600,000

H. D. Davidson, a member of the firm of Thornton, Davidson & Co., examined by Mr. Chauvin, K.C., of Counsel for the Creditor Contestant.
Q.—What was roughly your liability to the Bank in May 1920?
A.—Roughly I would say, I think as far as I remember we had a call loan of six hundred thousand dollars ($600,000), and our over-draft was somewhere near four millions.
Q.—Somewhere near four millions?
A.—Yes.
Q.—Do you know what the Bank held against this indebtedness?
A.—No.
BY MR. CHAUVIN:
Q.—Is it not a fact, Mr. Davidson, the indebtedness to the Bank had been growing and growing?
A.—Yes.
Q.—It was not always four million, six hundred thousand dollars ($4,600,000)?
A.—No.
Q.—Nor anything like that sum?
A.—No.

How Cameron Was Made Partner

BY MR. MEAGHER.
Q.—I understand you were a partner of Thornton, Davidson & Company, the bankrupts in this Case?
Colin C. Cameron: That is correct.
Q.—When did you first go into the firm of Thornton, Davidson & Company in any capacity whatsoever? What was your first connection with the firm?
A.—I became a bookkeeper August 27, 1913.
Q.—And what was your next position? Office manager?
A.—My next position was given to me by the Merchants Bank.
Q.—And what position was that?
A.—Practical supervisor of the office.
Q.—When was that?
A.—That was in, as near as I can remember, 1915—prior to Mr. Davidson's going overseas.
Q.—When did you first become a partner?
A.—If I remember correctly it was in December 1915.

D. C. Macarow Appointed him Partner

Q.—Who procured this partnership or appointed you a partner?
A.—Mr. D. C. Macarow.
Q.—The General Manager of the Merchants Bank of Canada?
A.—Yes.
BY THE COURT:
Q.—It was on his suggestion you became a partner, do you mean?
A.—No.
BY THE COURT:
Q.—Macarow was not a partner of the firm?
A.—No; he was then manager of the Merchants Bank.
BY MR. MEAGHER.
And as manager if I understand you correctly, he put you into the firm at a previous date as bookkeeper and then as supervisor?
BY MR. ELDER: I object to that line of examination.
BY THE COURT: How is it the Bank had appointed him as supervisor?
BY MR. MEAGHER: Strike out the question.
Q.—The Merchants Bank of Canada appointed you supervisor?
A.—Yes.
Q.—Subsequently you saw Mr. Macarow, the General Manager of the Menchants Bank?
A.—He was local manager at that time of the Montreal office.
Q.—That was the branch with which the firm of Thornton, Davidson & Company dealt?
A.—Yes.
Q.—He appointed you?
A.—Yes.
BY THE COURT:
Q.—How did he appoint you?
A.—Originally I was just bookkeeper in Thornton, Davidson & Company's and in 1915 prior to Mr. Davidson going overseas, the firm was not then in a strong position.
BY THE COURT:
Q.—Who were the partners?
A.—Mr. Davidson and Mr. Wyse. The firm was not then in a strong position, and Mr. Macarow asked me to refer to him regarding everything that I might take his advice in the matter.

Getting $50 a Month in 1915

BY THE COURT:
Q.—You came along to the end of the year you were admitted a partner with the other day?
A.—We went along for some months and we were pretty successful and the firm got into much better shape and it was at that time I asked Mr. Macarow for something more than fifty dollars ($50.00) per month salary, and I got a partnership in the firm.
BY THE COURT:
Q.—Did you put any capital in?
A.—No.
BY THE COURT:
Q.—Just your ability and experience?
A.—Yes.

"Under Thumb of Merchants Bank"

BY MR. MEAGHER.
Q.—How could Mr. Macarow make you a partner?
A.—Even at the time Thornton Davidson & Company were under the thumb of the Merchants Bank.
Q.—Did you from time to time as suggested by Mr. Macarow discuss the finances and other affairs of Thornton, Davidson & Company with Mr. Macarow as bank manager?
A.—Yes, often.
Q.—Do I understand that Mr. Macarow for that reason had a thorough grasp of the business of Thornton & Company? Did he know all about the business you were doing?
A.—As far as I know he did.
Q.—Does it not follow that he must have.
A.—Yes.

Bank "Operating" Brokerage Firm

Q.—Do I understand that it practically amounts to this, that the Bank was operating Davidson & Company at the time, that is at the time you were made a partner?
A.—Yes.
BY THE COURT:
Q.—Do you mean to say the Bank was operating the firm?
A.—It amounts to that.

Three Officials Knew Of Insolvency

Q. Will you tell me the position of this firm in May, June and July, 1920, that is of Thornton, Davidson & Company?
W. G. Finlayson: They were insolvent.
Q. Throughout that time?
A. Yes.
Q. Are you in a position to state whether the Merchants Bank knew of that insolvency during this period?
A. I am.
Q. Did they know of it?
A. Yes.
Q. And the business was continued throughout this period?
A. With restrictions.
Q. Continued and backed by the Bank throughout with restrictions by whom?
A. With restrictions by the Bank.
Q. But during, May, June and July, when the firm was insolvent and continued to operate as you say, the Bank still backed the firm of Thornton Davidson & Company?
A. Yes it did.

Three Officials Who Knew Insolvency

By the Court:
Q. Who on behalf of the Bank had knowledge in May, June and July, 1920 that the Company or firm as you say was insolvent?
A. Mr. Macarow, Mr. Kippen, and Mr. Shaffer as far as I know.
By the Court:
Those three gentlemen are officials of the Bank?
A. Yes.
By Mr. Meagher:
Q. What were their official positions then?
A. Mr. Macarow was general manager, Mr. Kippen was local manager and Mr. Schaffer was assistant manager.
By the Court:
Q. Assistant local manager?
A. Yes.
By Mr. Meagher:
Q. They all knew of it?
A. Yes.
Q. And continued to support the firm?
A. Yes.
Q. During those three months was the firm of Thornton, Davidson & Company operating under instructions from this bank and its officers?
A. Yes, it was.

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Venison, for the two months prior to January 1, 1922, has been the very cheapest meat obtainable in the Berlin markets, selling for from seven to nine marks a pound. Game of all kinds in addition to venison, has been abundant, and in comparison with other prices, not at all dear.

STATE OF MIND OF WORKERS IS BIG DRAWBACK

Wage Earners Have Been Led to Think They Are Unfairly Treated

THE RAILROAD WAGES

Rates Fixed By Labor Board For Common Labor Far Above Those Paid In Other Fields

National City Bank of New York

The railroad labor situation would be ludicrous if it were not so serious. The rates fixed by the Labor Board for common labor are so far above those prevailing outside of the railroad service that the companies are finding it practicable to contract out much of their work and save 20 to 30 per cent., which of course is after the contractors make a profit. The Erie has contracted for track maintenance over its entire line. The St. Louis & San Francisco substituted heavier rails over much of its line last year; if it had had the work done by its own employees it calculates that the cost of the labor would have been $550 per mile, but it was done by contract at $350 per mile. Pumps on the Frisco road are operated by electricity, and require only that a switch be thrown to start or stop, and an occasional oiling of the parts. Under the union-made rules that have been in force this meant three shifts on a pump, but the company has been able to contract for the service at a saving of about 65 per cent.

It would seem to be time that the public waked up to the fact that the cost of operating the railroads is not wholly a matter between the companies and the employees but of general concern. Occasionally a man who has this opinion makes himself heard. We have a letter from W. H. Harris, a grower of pecans and peaches at Fort Valley, Georgia; he sets out his views in effective language as follows:

It seems the unanimous opinion of the farmers, the actual farmers who produce crops, that only one thing is needed—to be permitted to sell a crop for more than it costs to make it and haul it to market.

Lending a farmer money to make a crop out of which he doesn't get cost does not benefit him. It merely postpones bankruptcy. There can be no recovery until crops sell at a profit.

There can be no profit, so long as a law-made agency takes the major part of the farmers' crop, representing his year's labor, and turns it over to the organized workers for their few days' work hauling it to market. That is the crux of the situation.

The farmer wants no special legislation, no representation on the Reserve Board, no preferred jobs, he merely wants the special legislation favoring other workers removed, in other words, that every tub stand on its own bottom, and let each man earn what he can.

Nothing will save the farming industry but a deep cut in freight rates. We are all merely producing tonnage for the railroads, who merely collect from the unorganized workers, and turn it over to the organized workers. The latter punish when the politicians fail to do their bidding, we farmers don't.

When the Chicago labor board fixes a railroad man's pay at a higher price than he can earn in other open pursuits, it is no largess of the labor board. It is a purely arithmetical proposition. The excess given to the railroad worker is taken from what the farm worker earns.

The impracticable humanitarian will say that the higher pay given the railroad laborer will put up to a "living wage" the pay of the laborer in other pursuits, but the reverse is true, for the more paid to the railroad labor, the less of the price there is left to pay the other labor.

It is not a question between capital and labor, but it is between the different classes of labor, as to which shall get its fair share, or more than its share.

Take Georgia's approximately ten thousand cars of peaches. In even figures, of the proceeds of the sale of this fruit this year, selling got 8 per cent., transportation got 62 per cent., and production got 30 per cent., out of which to pay all the labor that grew and picked and packed the fruit, as well as for a few such items as crates, fertilizers, spray material, wagons, mules, etc.

The labor alone that hauled a car of peaches for four or five days, got more than all the labor that plowed, pruned, harrowed, sprayed, picked and packed the crop, nearly a year's work.

Georgia's watermelon shipments were almost as bad.

The sorriest negro porter that rides a train for a few hours a day through our town, gets more for his year's work than does the most intelligent, energetic and efficient farmer for his year's work, averaging nearly twice as many hours a day. There isn't a farmer in the country who has gotten this year for his work as much as, not the best, but the sorriest such porter.

The explanation of the disorder which exists in industry is to be found in the state of mind of the workers. It cannot be doubted that as a result or agitation that has been going on for years the wage-earning population has become to some extent imbued with the idea that wage-earners have been unfairly dealt with by the employing class. Many of them believe that they have not received a fair share of the fruits of their labors, and have determined to do less work and get more for it. One natural effect of this belief is to reduce the efficiency of the individual worker. Of course no one will work with good heart if he thinks he is unfairly dealt with. Another effect is a want of harmony between organized labor and the employers which interferes with the effective direction and management of industry. Of what use is it to appeal to bankers or employers for remedies for unemployment when their opinions and advice are viewed with suspicion and they can do nothing without co-operation?

What is the truth about the division of the industrial product? Do employers as a class obtain an excessive and unfair share of it and the wage-earners as a rule less than they ought to have? Is the distribution an arbitrary one, determined by employers to suit themselves, or is it a varying one, determined by industrial conditions and economic law?

WOULD AVOID FARM LOSSES THIS YEAR

Saskatchewan Legislature Asks For The Re-establishment of Wheat Board

Even though experience teaches that efforts to establish artificial prices by market control are not sound from a business or economical standpoint there will be wide sympathy in Canada with the efforts of the farmers looking to stabilizing the basis for agricultural products of 1922 to the extent that they will not be sold below the cost of production as has often been the case, particularly in the West, this year. The following is the view of the situation as expressed in a resolution passed by the Saskatchewan legislature asking for the re-establishment of the Wheat Board:

"Whereas the present condition of the agricultural industry in Saskatchewan is such as to cause serious concern for its success in the future; and

"Whereas grain and farm products generally are being now sold at prices below the cost of production; and

"Whereas, a continuance of this condition will mean ruin to the industry, serious embarrassment to other industries and to Canada at large; and

"Whereas, the great bulk of agricultural products of 1921 are now out of the farmers' hands, thus giving time for sound constructive work toward the end of bettering marketing conditions for the crop of 1922 and succeeding crops;

"Therefore, be it resolved: That this assembly urge the government of the Dominion of Canada and the House of Commons of Canada, to immediately give consideration to the problem of marketing the products of agriculture in order that those engaged in the industry may have some assurance before sowing the crop of 1922, that a system of marketing will be in existence which will prevent the slaughtering of prices below the cost of production:

"And further, be it resolved, that the federal government give consideration to the re-establishment of a National Wheat Board, such as existed in 1919 and 1921, having representatives thereon of the producing element in the agricultural industry.'

STOCK RAISING IS INCREASING IN WEST

Farmers Are More and More Recognizing Advantages of Mixed Farming

From Our Own Correspondent

REGINA.—Large increases in livestock in most sections of the province during 1921, show indication of the growing tendency toward more diversified farming methods on the part of agricultural interests. In the year, 238,270 cattle of all varieties were added to provincial herds. There were correspondingly large increases in horses, sheep and swine.

At the convention of the Saskatchewan Livestock Association, just terminated here, opinion was unanimous that the future prosperity of the province depended more upon dairy farming and stock raising than even upon the grain business. Great stress was laid upon the shortage of horses on farms, the fact that automobiles and motor vehicles were used when horses represented a more economical and efficient means of working small farms and the necessity of the farmer producing sustenance for himself and family aside from commercial crops only.

In reviving conditions of the sheep and sheep products' market, the development of the far-western Canadian market was referred to. Alberta, it was pointed out, now has 525,599 sheep; Saskatchewan 188,021; Manitoba 131,361 and British Columbia 51,457. Few realized that Vancouver and Victoria are the largest per capita consumers of mutton of the Canadian cities, consuming annually about 120,000 lambs, only 20,000 of which were produced in British Columbia and Alberta, the remaining 100,000 being imported from the United States and New Zealand.

SALARIES ARE CUT

Schedule of Pay for Teachers Reduced in the West

School trustees and municipal officials of Saskatchewan have approved of the following schedule of pay as a just one, in view of the present financial conditions: For teachers with two years' high school and short normal course, it is proposed to pay $800 to $1,100; for teachers with second class diploma and normal training, $900 to $1,200; and for teachers with first-class diploma and normal training, $1,050 to $1,300.

EXPORT INCREASE GIVES COURAGE TO PULP-PAPER MILLS

Returns for December Show Gains in All Directions

VALUES HAVE SHRUNK

For First 9 Months to Dec. 31 Only $77,000,000 Against $132,000,000 In Year 1920.

From Our Own Correspondent

MONTREAL— Two important points are made clear in the export returns as furnished by the Department of Trade & Commerce for the pulp and paper industry for the month of December. One is the sharp decline in prices that is shown by a comparison with values of last December and December 1920, indicating that the decline must have fairly taken its course. Indeed in connection with the pulp industry the trade feels that a definite movement upward has begun and will continue. So far as newsprint is concerned there is a feeling that a slight decline has still to come but a better demand is in evidence and this should tend to keep up prices at least very near to the present level. The other point that will bring satisfaction to investors in pulp and paper securities is the increase in demand that is shown by the export figures. There seems reason to believe that this too will be a feature of the year 1922.

As an illustration of the improved demand newsprint exports for the month of December 1921 amounted to 72,659 tons as compared with 65,022 for December of one year ago, an increase of 7,637 tons or cose to 12 per cent. Lest it be argued that December 1920 was a low level this past December showed an increase of 5,705 tons over November. In sulphate pulp there was an export of 12,041 tons in December last compared with 7,312 tons one year ago. Bleached and unbleached suiphite pulp and groundwood pulp all registered good increases in export, that of bleached sulphite running close to double and groundwood pulp showing about 4,000 tons up.

The deflation in prices was clearly marked. The price per ton of newsprint works out at $78.56 for December last as compared with $113.23 one year ago, a decline of nearly $35 a ton on the average. Nor was the $113 the high mark, this being reached in January of last year with $130 paid per ton. In sulphate pulp the price for the month of December averaged $62,06 as against $113.21 one year ago, a decline of over $51 per ton. The actual decline in bleached sulphite pulp was even greater. The 1921 figure being $81.97 as compared with $156.55 for December 1920 a drop of $74.58. Groundwood pulp showed a drop of nearly 50 per cent. as the following table indicates.

Comparison of December Exports

		Export		Price per ton
Newsprint,	1921..	72,659	tons	$ 78.56
"	1920..	65,022	"	113.23
Sulph. pulp	1921..	13,041	"	62.06
"	1920..	7,312	"	113.21
Bl. sulphite	1921..	15,371	"	81.97
"	1920..	8,190	"	156.55
Gr. wd. pulp	1921..	37,534	"	29.69
"	1920..	33,608	"	57.33

The following records compiled by the Canadian Pulp & Paper Association show details of export figures:

	Dec. 1921	Dec. 1920
PAPER—		
Book paper ..	$ 12,561	$ 60,098
Newsprint	5,708,178	7,369,631
Othehr paper ..	395,411	1,207,485
Total	$6,116,150	$8,637,214
WOODPULP—		
Sulphate	744,774	826,458
" bleached	1,260,028	1,282,206
" unbleached	1,092,464	1,939,813
Groundwood . .	1,112,117	1,926,392
Total	$4,209,383	$5,974,869

Countries of Destination.

PAPER—	
United Kingdom	$ 80,521
United States	5,347,662
Other Countries	687,967
WOODPULP—	
United Kingdom	$ 612,219
United States	3,224,713
Other Countries	372,451

$77,000,000 vs. $132,000,000

Comparative figures for the first nine months of the current fiscal year show:

	Paper	Pulp	Total
1921	.$51,096,225	$26,808,940	$ 77,905,275
1920	. 67,688,697	65,227,302	132,915,999
1919	. 44,198,106	30,226,806	74,424,912

Exports of pulpwood to the United States for the nine months period compare as follows:

	Cords	Valued at
1921	564,446	$ 7,229,593
1920	1,087,360	14,125,577
1919	678,688	6,802,209

25c. AN HOUR FOR LABOR

Kingston city council has decided to undertake more civic work to help out the unemployed, by opening up two streets and laying sewers and water mains. The wage to be paid is twenty-five cents per hour.

Great Britain is reported to be preparing to pay the United States £35,000,000 (normally $170,900,000) as an instalment on the interest of war loans borrowed from America in war-time, on October 1, 1922.

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DIVIDEND RECORDS IMPORTANT GUIDE FOR THE INVESTOR

Little Prospect of Profit for Speculator in Present Market

STOCKS ARE DULL

A Natural Inaction Following Long Series of Advances—Business Requires Further Adjustment

Whether the unfavorable predominated the constructive influences or not the Canadian investment markets this week displayed a disposition toward a degree of lethargy, which has been absent for months past. Wall Street was a strengthening influence, the strong advance in Sterling establishing basis for the hope that international trade relations would develop into a healthier state. Wall Street displayed a good deal of buoyancy, but an outstanding local influence of an unfavorable character was the failure of a Montreal brokerage house. The effect upon the markets arose rather out of sentiment than from anything of a tangible nature. The house in question was largely interested in New York securities, although weakness in one or two members of the Canadian list was directly ascribed to this failure. The current inaction is not so much the reflection of outward influences, as a natural lull in the broad advance in which both the bond and stock markets have figured prominently of late. Buying is still largely of an investment character, and price movements among stocks are therefore of a highly conservative nature.

The business outlook for the current year is a topic of absorbing interest, among commercial and industrial interests and investors. Opinion based upon the performance of the stock markets leads to the conclusion that the present year will not be marked by any outstanding business development. There will be improvement, but it will be of a strictly conservative character. The position of the western farmer, while perhaps not so gloomy as was painted several months ago, is yet of such an unsatisfactory nature that he will not be an important influence market wise for months to come, and in fact not until another crop is threshed. His buying power has been seriously reduced, and this condition is reflected, in a less exaggerated degree in practically every line of trade. The public can no longer afford to pay the high prices of post-war time, and the reductions from the high have not yet been great enough to stimulate public buying in any pronounced degree. Lower commodity prices, effected through lower wages, and the practice of the principles of the strictest economy, coupled with the highest efficiency both on the part of workmen and management is one of the solutions of the problem of reviving business.

In the meantime the stock markets will reflect conditions industrially. Stocks should be carefully scrutinized, and the past dividend records should be a strong guide to the investors.

LOANS ARE CHECKED

Great Care Exercised by Canada Permanent Officers

At the annual meeting of the Canada Permanent Mortgage, Vice-President R. S. Hudson referred to the precaution taken by the corporation in respect to loans and investments made. Every application for a loan and every investment, no matter how small, must be approved by the directors. Every loan application is forwarded by the Manager of the local branch when recommended by him, and also must be accompanied by the report and recommendation of a salaried inspector and of the local appraiser, and by the executive officers. Applications for renewals of loans must pass the same course. Auditors are required to see that every new or renewable loan is authorized by the board.

SUGGESTS LICENSES FOR STOCK SALESMEN

London Man Believes That This Would Prevent Present Losses by Investors

From Our Own Correspondent

LONDON.—Believing that legitimate business is being injured through the operations of swindlers and irresponsible agencies acting for them, and that the general public is losing millions of dollars every year, Frank B. Clarke of this city is taking the matter up with both the Ontario and Dominion governments, asking that all those engaged in selling stocks be licensed.

"Only those who are in the business are in a position to realize the really enormous losses that are being sustained," said Mr. Clarke to FINANCIAL POST. "The unfortunate part of the matter is that the great majority of those who are being swindled are those who cannot afford to lose. It is really pitiful the number of women who put their meagre savings, or money which they hope will bring them good returns, into propositions that are absolutely worthless. Agents who have no responsibility whatever and who are handling stock that no sane business man or banker would for a moment consider, tell women and others with small amounts to invest plausible stories and get their money away from them. I think it is the duty of the government to protect innocent people from these sharks. The losses are truly enormous. The operations of those handling propositions that are no good greatly injures legitimate business and the business men and bankers should cooperate in an effort to secure legislation that will frustrate wild cat schemes. I know of a large number of cases where people have invested money in good faith, believing all they were told by some smooth talker, only to find that the certificates they hold are absolutely worthless. It is a crime to deliberately take money that is needed from widows, aged people and poor people and the government should do something to limit the activities of some of those who are now selling stocks."

Mr. Clarke has written to Hon. W. S. Fielding, minister of finance, and to Premier Drury.

Shanghaie copyright to Chicago Tribune saws Canton parliament has ratified projected $100,000,000 8% loan from American interests, who will share for 20 years in profits of industrial enterprises to be established with proceeds of loan in Southern China.

OFFERING STOCK IN B. C. LUMBER CO.

Bridge River Timber and Manufacturing Co. With $500,000 of Preferred Stock

From Our Own Correspondent

MONTREAL.—An improvement in the lumber market has induced the offering of $500,000 of 8 per cent. cumulative preference shares of Bridge River Timber & Manufacturing Company. These shares are being offered at par with a bonus of common stock of par value $25 each for the common stock, by Patrick Donnelly & Co. The total amount of preference stock that it is proposed to issue is $600,000 with an equal amount of common stock. The Company presents an estimate of timber limits containing 244,000,000 feet of which 126,000,000 are pine and 80,000,000 Douglas fir. The licenses are on the Bridge River and its tributaries, about 125 miles northeast of Vancouver, near the Pacific Great Eastern Railroad, which is being connected with the Grand Trunk Pacific at Prince George. Attention is called by the directors to the saving that will be effected by using the water route from Vancouver through the Panama Canal to Eastern Canada or European ports as compared with the rail route over Canada. It is planned to construct a mill with a capacity of about 50,000 ft. daily or 10,000,000 ft. per annum and the claim is made that excellent earnings will result particularly from the cut of white pine. The prospectus sets forth that after the $600,000 has been secured half of this will remain in the treasury after the limits have been paid for and that in addition the timber itself, on the stump, will be worth about $750,000, a total of over $1,000,000.

ASBESTOS EMBARGO RUMOR CHILLING

Report From Quebec—Later Denied, of Embargo Against U. S.

From Our Own Correspondent

MONTREAL.—Quite a flutter was caused among investors in Asbestos Corporation on Wednesday by a report from Quebec that the Legislature was considering the placing of an embargo on the export of raw asbestos from the Province to offset the effect on Canadian manufactures and farm produce by the Fordney Tariff of the United States. This movement was in line with the embargo that the Province has maintained for a number of years on the export of pulp wood cut on Crown Lands. The Provincial Treasurer later in the day issued an official denial of any such intention on the part of the Government. The immediate effect, however, of the report was to drive the common stock of Asbestos Corporation down some 5 points, as it was recognized that for the time being at least the restriction of export would be a serious blow to this company, most of whose production is exported.

BARCELONA TRACTION

The December earnings of the Barcelona Traction, Light and Power Company, shows gross amounting to 3,820,393 pesetas as compared with 3,147,789 for the same month in 1920, an increase of 672,604. Operating expenses showed an increase of 153,532, while net amounting to 2,561,712 was higher by 519,072, which, it will be noted, is the highest gain shown in net since February. The aggregate gross for the year at 37,700,430 pesetas showed an increase of 5,622,208, and aggregate net amounting to 24,025,337 showed a gain of 3,234,799. The following comparative figures show the earnings month by month since November 1920:

	Gross (pesetas)	Net (pesetas)	Net inc. (pesetas)
1920—			
Nov.	3,163,103	2,116,776	602,151
Dec.	3,147,789	2,042,640	821,104
1921—			
Jan.	3,154,317	2,080,249	907,234
Feb.	3,354,062	2,360,155	860,133
March	2,891,743	1,862,908	167,767
April	2,925,798	1,819,111	51,198
May	2,862,358	1,750,168	x17,143
June	2,912,556	1,774,541	156,354
July	2,844,138	1,693,681	123,267
August	2,923,804	1,672,945	x88,959
Sept.	3,164,126	1,995,997	50,174
Oct.	3,185,930	1,958,306	126,914
Nov.	3,661,205	2,495,564	378,788
Dec.	3,820,393	2,561,712	519,072

x—Decrease.

UNLISTED SECURITIES

	Bid	Asked
Alta. Pac. Grain	...	125
Do pref.	80	81
Brit. Amer. Assurance ...	4¼	5
Burns, P., 1st Mort. 6's..	103	....
Can. Machinery 6's	73	76
Can. Woolens.	16¾	17½
Canadian Oil	45	52
Canadian Salt 6's..	89	....
Can. Westinghouse	107	....
Cockshutt Plow 7% pref..	43	45
Collingwood Ship Bld. 6's	92	....
Cuban Can. Sugar pref..	10	11
Davies Wm., 6's	98½	....
D. Iron & S. 5s 1939....	69	69½
Dominion Power	22	....
Dunlop Tire pref.	85⅜	87¼
Do., 6's	90	....
Famous Players pref. ..	56	58
Goodyear Tire pref. ...	55½	56½
Morrow Screw 6s	80½	85
Murray-Kay pref.	54	56
National Life	40	....
Neilson, Wm. 6's	90	....
Nova Scotia Steel 6% deb.	72½	....
Ontario Pulp 6's	86½	89½
R. Simpson pref.	77½	80
Sterling Bank	103	105
Sterling Coal	21	24
Trust and Guarantee....	69¾	71
Toronto Power 5s 1924..	95½	....
Gunn's Ltd pref.	56	59
Home Bank	87	100
Imperial Oil	105	108
Harris Abbatoir 6's	90½	93
Inter. Milling 6s	91	....
King Edward Hetol 7s..	82	83
Lambton Golf	390	410
Manufacturers' Life	37	40
Massey Harris	....	60
Mattagami Pulp pref. ...	15	21
Mercantile Trust	98	....
Pressed Metals pref.....	....	110
G. T. R. 3s, 1962, Dom.		
Gov. guaranteed	63¼	64¼
Do 4s 1955 M & P div.	69	70
Do 4s 1955 Sup. div...	69	70
Great West Life..	200	....

Strikes, deflations, inventories to mark down, and all other afflictions of the average industrial security have had but little effect upon strategically located Water Power Companies.

The services of Power Companies have been but little affected by changing business conditions. On the contrary, most of them are showing steadily increased earnings, both gross and net.

Our experience which extends over many years, convinces us that they are the most desirable securities, combining safety with a generous interest return.

NESBITT, THOMSON and Company, Limited

TORONTO

Hamilton London, Ont. Montreal

112

The Toronto General Trusts Corporation

Strong Position Shown by Fortieth Annual Report

Estimates Under Administration Exceed $107,000,000 Total Assets $120,000,000

The Fortieth Annual General Meeting of the Shareholders of The Toronto General Trusts Corporation was held at the Head Office of the Corporation on Wednesday, the First day of February, 1922, at twelve o'clock, noon.

The President of the Corporation, Hon. Featherston Osler, K.C., D.C.L., presided, and Mr. W. G. Watson, Assistant General Manager, acted as Secretary of the meeting.

Mr. A. D. Langmuir, General Manager of the Corporation, submitted the Annual Report for the year ended December 31st, 1921, showing the result of the operations for the year, accompanied by the following statement of Assets and Liabilities:

ASSETS

Capital Account—			
Office Premises and Safe Deposit Vaults at Toronto, Ottawa and Vancouver		$ 825,000.00	
Rents		6,265.67	
Deposit paid on account of purchase of new Office Premises at Winnipeg of which possession will be had in 1922		1,000.00	
Real Estate held for sale...........		100,390.52	
Mortgages:			
Principal	$2,490,097.75		
Interest due and accrued	102,609.42		
		2,592,707.17	
Loans on Stocks and Bonds.........		7,547.20	
Dominion of Canada and Provinces of Canada Securities		555,732.07	
Canadian Municipalities' Debentures		93,290.76	
Other Bonds or Debentures.........		47,244.55	
Loans or Advances to Trust Estates and Guaranteed Mortgage Accounts under administration by the Corporation		554,125.00	
Cash in chartered Banks...........		131,298.78	
Cash on hand		275.00	
Other Assets		481.07	
			$ 4,915,357.79
Guaranteed Trusts Account—			
Mortgages:			
Principal	$6,603,239.25		
Interest due and accrued	365,185.56		
		$6,968,424.81	
Canadian Municipalities' Debentures		700,192.36	
Cash in chartered Banks		72,722.03	
			7,741,339.20
Estates, Trusts and Agencies Account—			
Mortgages on Real Estate		$14,147,837.61	
Government and Municipal Debentures		15,212,552.75	
Stocks and Bonds		1,352,645.38	
Loans on Debentures, Stocks and Bonds		1,321,264.68	
Sundry Assets		5,682.79	
Cash on hand and in chartered Banks		1,561,388.15	
		$33,601,371.36	
Original Assets including Real Estate, Mortgages, Debentures, Stocks and Bonds at inventory value.........		73,995,374.70	
			107,596,746.06
			$120,253,443.05

LIABILITIES

Capital Account—			
Capital Stock subscribed and fully paid.......	$2,000,000.00		
Reserve Fund	2,500,000.00		
		$4,500,000.00	
Contingent Reserve Fund		50,000.00	
Dividend No. 102, due January 2, 1922		59,997.73	
Appropriation for Federal Income Tax		29,981.61	
Amount provided towards cost of new Office Premises, Winnipeg........		75,000.00	
Profit and Loss		200,378.45	
			$4,915,357.79
Guaranteed Trusts Account—			
Guaranteed Trust Funds for investment		$7,741,339.20	
			7,741,339.20
Estates, Trusts and Agencies Account—			
Trust Funds for Investment or Distribution		$33,601,371.36	
Inventory value of Original Assets of Estates and Agencies under administration by the Corporation......		73,995,374.70	
			107,596,746.06
			$120,253,443.05

On motion the following Shareholders were appointed Directors for the ensuing year:—Hon. Featherston Osler, K.C., D.C.L.; Hamilton Cassels, K.C., LL.D.; Brig.-Gen. Sir John M. Gibson, K.C.M.G., K.C., LL.D.; Wellington Francis, K.C.; A. C. Hardy, Lieut.-Col. R. W. Leonard, J. Bruce Macdonald, Hon. Sir Daniel H. McMillan, K.C.M.G.; Lieut.-Col. John F. Michie, Sir Edmund B. Osler, J. G. Scott, K.C.; Sir Edmund Walker, C.V.O., LL.D., D.C.L.; E. C. Whitney, E. T. Malone, K.C.; H. H. Williams, Robert Hobson, Thomas Bradshaw, F.I.A.; Wilmot L. Matthews, Charles S. Blackwell, A. D. Langmuir.

At a subsequent meeting of the Directors the following officers were elected:—President, Hon. Featherston Osler, K.C., D.C.L.; Vice-Presidents, Hamilton Cassels, K.C., LL.D.; Brig.-Gen. Sir John M. Gibson, K.C.M.G., K.C., LL.D.

The Inspection Committee was re-elected, namely:—Hamilton Cassels, K.C., LL.D., Chairman; Brig.-Gen. Sir John M. Gibson, K.C.M.G., K.C., LL.D., and Wellington Francis, K.C.

The following members were elected to the Advisory Boards at Ottawa, Winnipeg and Vancouver:—

Ottawa—W. D. Hogg, K.C., Chairman; Sir George Burn, Nelson D. Porter, Alexander Maclaren and C. Jackson Booth.

Winnipeg—Hon. Sir Daniel H. McMillan, K.C.M.G., Chairman; H. H. Smith, W. H. Cross and Frederick T. Griffin, Frank L. Patton.

Vancouver—A. H. Macneill, K.C., Chairman; Eric W. Hamber, F. B. Pemberton and R. P. Butchard.

AT Ten P.M.

(EVERY DAY)

Vancouver Express

Leaves TORONTO for

Winnipeg
Regina
Saskatoon
Calgary
Edmonton

Vancouver---Victoria---Seattle

A Solid Train, Toronto-Vancouver

Steel standard sleepers, tourist cars and coaches, spacious observation cars and excellent dining car service.

OTTAWA WINTER CARNIVAL
January 28-February 4, 1922

STANDARD TRUSTS WAS AFFECTED BY CROP SITUATION

Profits Decline From $101,823 to $75,450 for 1921

ASSETS STRENGTHENED

President Bull Regards Present Conditions as But Passing Phase — Hopeful for the Future

The unfavorable crop situation of the west in 1921, together with the fact that certain areas had but indifferent returns for several years past is reflected in the financial statement of the Standard Trusts Co. Not only do profits show a considerable decline from the previous year, but the directors have found it advisable to cut dividends to seven per cent. in order to conserve revenue during the present uncertain period. At the annual meeting in Winnipeg a few days ago there was a general feeling of optimism among the shareholders and directors, and all shared in the belief of President M. Bull that present troubles are but temporary, and are not peculiar to Canada alone. The president further reiterated his unshaken conviction in the high quality of farm mortgages as a trusts investment. "It is still Canada's premier investment," he said, "as it has always been, and cannot be seriously affected by one or two crop failures, nor by a sharp drop in the price of farm produce."

The net profits from the operations of 1921 amounted to $75,450, compared with $101,823 for the previous year. Including a balance of $38,648 from the previous year's account there was a total appropriation of $113,918. The sum of $70,000 was applied in dividends as compared with $90,000 in the previous year, and the balance amounted to $43,918. Following are comparative figures for the past three years:

	1921	1920	1919
Net profits..	$75,450	$101,823	$111,004
Bal forward	38,468	26,645	5,641
	$113,918	$128,468	$116,645
Dividends ..	70,000	90,000	90,000
Balance	43,918	38,468	26,645
	$113,918	$128,468	$116,645

Discussing the situation further, President Bull says in part:

Since 1917 to the present time, in certain areas the farmers of the West have received but indifferent returns, while they have been compelled to pay the high prices for labor and every article that enters into the farmer's expenses. These causes combined with the large drop in the price of farm products have compelled us to give those farmers a generous carrying over of their interest and principal payments, with the result that while some of the accounts are uncollectable, it is not to be expected that with the return of good years much loss may be looked for.

Re-establish Contingent Fund

The president advocates a policy of conservatism, and pointed out that it had been thought advisable to again set up a contingent fund to take care of bad or doubtful debts.

Assets show a large increase from $16,438,282 to $17,386,008. Trust's assets likewise show an increase, standing at $13,134,100, compared with $12,244,615. The executorships, administrations, etc., represent $1,279,178 for the year. The capital trusts agency and allocated funds total $6,481,398, or an increase of $75,763, with an average yield of 8-1/3 per cent. Following are comparative figures of the balance sheet for the past seven years:

Year	Paid-up Capital	Profits	Div.	% prof av. Cap.	eanr rate
1921...	$1,000,000	$75,450	7	7.5	5.0
1920...	1,000,000	101,822	9	10.1	6.3
1919...	1,000,000	111,004	9	11.1	7.5
1918...	1,000,000	83,785	9	10.9	6.8
1917...	750,000	94,171	9	12.5	7.7
1916...	750,000	87,919	9	11.7	7.1
1916...	750,000	98,265	8	13.2	8.1

Sir James S. Aikins, a shareholder, who spoke at the annual meeting, said in part:

We are subject to conditions over which we have no control. I find that there is not a mortgage or trust company doing business in Western Canada that has not met with losses during the period of depression, so I say we may not be at the bottom of the hill yet—1922 may even have worse things in store for us. What is the business of a man, or a woman, or a company, under those circumstances? It is to keep a brave heart and do the best possible, and save as much as one can, but at the same time, never lose courage, and go on, and I believe that this company is going to succeed.

Duluth-Superior

Passenger earnings of the Duluth-Superior Traction for the week ending January 21, amounted to $33,514, compared with $35,199 for the corresponding period in 1921, a decrease of $1,684, or 4.8 per cent.

Consolidated Smelters

Ore receipts at Trail Smelter, reported by the Consolidated Mining and Smelting Company, for the third week of January, amounted to 8,631 tons, of which 8,256 tons were produced by the company's mines, and 375 tons by other mines. For the first three weeks of the year the receipts totalled 26,276 tons.

NET INCOME TWIN CITY SHOWS DECLINE

Owing to Heavy Increase in Operating Costs—The Fare Situation

The Twin City Rapid Transit Co. is still engaged in the fight for an increase in fares commensurate with the increase in operating costs in the years following the war, and which will permit the company to earn "a reasonable return on the fair value of the property." Recent orders of the State Railroad and Warehouse Commission granting a fare increase in Minneapolis and St Paul aroused strong opposition on the part of the citizens of the Twin Cities, and the decision was overruled in the district courts pending a valuation of the property. The valuation is being made and it is the hope of the company to establish the justice of its claim for higher fare.

President Lowry deals at length with this phase of the company position in the annual report which was mailed to shareholders this week. He speaks hopefully of the future and makes the prediction that the coming year will show a material improvement in the company's business. His conclusion is based upon the fact that the public is now much better informed regarding street railway problems than it has ever been in the past, and must realize the impossibility of continuing to enjoy good railway service at less than cost, and that a reasonable return on the invested capital is a proper part of the cost of supplying service.

The earnings of the past year after paying all expenses and making allowance for depreciation and the payment of the quarterly dividends on the preferred at the rate of 7 per cent. per annum, amounted to $487,304. A dividend of $2 per share was declared on common payable February 10, 1922. The total revenue for the year shows an increase of 6.77 per cent. over 1920, while the operating expenses have increased by 12.21 per cent.

The following is a comparative statement of income for the past two years.

	1921	1920
Operating rev. ..	$13,865,581	$12,986,406
Operating exp ..	10,990,535	9,794,834
Net oper, rev. ..	$2,875,046	$3,191,571
Taxes.	1,139,637	1,161,506
Operating inc. ..	$1,735,409	$2,030,065
Non-oper. income	55,732	84,331
Gross income....	$1,791,141	$2,114,397
Deductions	1,093,836	1,115,297
Net income	$697,304	$999,099

TORONTO RAILWAY SUFFERS RELAPSE

Delay in Arbitration Hearing Is an Unfavorable Influence

Toronto Railway suffered a minor relapse this week, following a period of buoyancy during which the price rose to 72½. The publication of the annual report showing a deficit of nearly $1,000,000 from operations in the eight months of 1921 before the company's franchise expired and the City of Toronto took over the railway lines, probably exerted no more than a sentimental influence, for the holders of this stock are building up their hopes for returns, not on the past earning performances of the company, but upon the prospective value placed upon the property by the arbitration commission. Perhaps the real influence responsible for the current weakness, which carried the stock down to 68 is the announcement of an enlargement of the arbitration hearing for an indefinite period, for several weeks at least. Investors see in this proceeding a corresponding delay in the ending of the hearing, and the announcement of the award. There is little prospect of an immediate or even early return to holders of the stock, and stock movements of the week have tended to discount this further delay.

STOCK MOVEMENTS OF THE WEEK

Week Ending January 31.

BANKS—	Div. Rate.	Ask.	Bid.	High.	Low.	Close.	Sales
Commerce	12+1	181½	180½	182	181	181¾	229
Dominion	12+1	191	190	191	190	190	42
Hamilton	12	168	167	169	167	167	30
Hochelaga	10	...	147	147	147	147	8
Imperial	12	165½	164½	167	160	164½	411
Molsons	12	168	164	167	165	167	146
Montreal	12+2	...	213	218	214	214	249
Nationale	12	124	...	125	120	120	93
Nova Scotia	16	252½	...	253	252	252	51
Royal	12+2	200	199	200	199	199	587
Standard	14	...	200	200	200	200	46
Toronto	12	185	...	184¾	184½	184½	85
Union	10	142	140	140½	140	140½	90
INDUSTRIALS, UTILITIES, ETC.							
Abitibi Pulp com.	..	30½	30	30½	30	30½	545
Do pref.	7	84	...	83½	83½	83½	30
Ames Holden pref.	..	24	20	23½	20	20	115
Amer. Salesbook com.	..	12	10	10¼	10	10¼	33
Do pref.	7	83	80	82¼	80½	82¼	34
Asbestos Corporation com.	6	50	48	50½	48	48	353
Do. pref.	7	78	...	78	76¼	77½	140
Atlantic Sugar com.	..	25½	24	26	25	25	310
Barcelona Traction	..	4¼	3⅞	4	3⅝	4	205
Bell Telephone	8	108	106½	108	107	107¼	361
Brazilian Traction	..	29¾	29½	30¾	29½	29½	2067
B. C. Fishing	..	25	...	24	23½	24	75
Brit. Emp. Steel, com.	..	10	9¾	10⅛	9⅞	10	161
Do 1st pref.	7	67¼	63	65	62	62	11
Do 2nd pref.	..	25	23½	25½	23¼	23½	191
Brompton Pulp	..	18¼	17	18⅞	18	18	585
Burt, F. N. com	10	110½	...	111½	110	110	212
Do pref.	7	111	...	111	111	111	5
Canada Bread com.	..	27	26	26½	26	26	105
Do pref	7	...	88½	89	89	89	25
Can. Car & Foundry com.	..	...	19	20½	19	19	345
Do pref	..	...	47	47½	47	47	221
Canada Cement com.	6	53½	52¾	54	53	53	513
Do pref.	7	...	87¼	91	90	90½	49
Canada Steamships com.	..	...	15¼	15½	13	15½	1240
Do pref.	7	43¼	42¾	44	40¼	43	3131
Can. Converters	7	72½	72	73	72	72	173
Can. Cottons com.	8	...	80	81	81	81	50
Canadian Salt	8	...	...	67	67	67	18
C. G. Electric com.	8	95½	94½	96	94	94¾	1545
Do pref	7	...	102	102½	102¼	102¼	20
Can. Locomotive com.	8	80	...	82	82	82	60
Do pref	7	...	82	82	82	82	10
Can. Pacific Railway	10	...	129½	131	128	128⅝	167
Can. Fairbanks pref.	6	75	...	74	74	74	20
Carriage Factories com.	..	...	...	8	8	8	20
City Dairy pref.	7	...	89	90	90	90	15
Consumers Gas	10	...	41	75	73¼	74¼	290
Crows Ness Pass Coal	6	50	48	50	48	48	79
Detroit Railway	10	72	70½	72	69½	69½	617
Dominion Bridge	4	59½	58	60¼	57½	57½	970
Dom. Canners, com.	..	27½	26¾	27½	26	26	94
Dom. Glass com.	6	56	55	56	54	56	31
Do pref.	7	91	90	90	90	90	30
Dom. Textile com.	12	135½	135	136¼	135	135	300
Dominion Coal pref.	7	71	...	69	69	69	25
Dominion Iron pref.	7	65	62	63	63	63	70
Dom. Steel Corp. com.	..	27½	26¾	27	26½	26½	150
Do pref.	6	...	71	71	63½	70¼	240
Duluth Superior	..	...	17⅝	18	17½	17½	29
Goodwins com.	..	...	25	25	25	25	25
Howard Smith Paper pref.	8	89	...	86	86	86	5
Illinois Traction pref.	6	80	...	80	79¾	79¾	93
Lake of Woods com.	12	142	140	142	140	140	36
Laurentide Paper	6	74	73	74½	73½	74½	576
Lyall Construction	4	...	34	35½	34½	35½	145
Macdonald A.	..	12	11	12½	10	10	172
Mackay com.	6	82½	82	84	82	82	2208
Do pref.	4	66	63	67	66	66	45
Maple Leaf Milling com.	12	120	117½	119	116	119	182
Do pref.	7	99	97	98⅞	98	98	36
Monarch Knitting pref.	7	77	74	74	74	74	17
Montreal Cottons com.	6	...	82⅝	83	83	83	18
Montreal Cottons pref.	7	104¼	...	104¼	104¼	104¼	70
Mont. L. H. & P. Cons.	5	88¼	88	88½	86¾	87	1289
Montreal Telegraph	8	...	46	50	50	50	36
Montreal Tramways	10	146	145	147	146¼	146½	95
National Breweries com.	4	55⅞	55¼	55⅞	55¼	55¼	375
N. S. Steel & Coal pref.	..	...	...	77	77	77	27
Ogilvie Flour com.	12	185	180	185	185	185	21
Ont. Steel Products com.	4	39	38	40	39	39¾	130
Ottawa L. H. & Power	6	80	...	81½	81	81	365
Ottawa Traction	4+1	...	72½	74	74	74	25
Penmans com.	8	102	98	100¼	98	98	90
Porto Rico Railways com.	4	30	...	33	30	30	10
Do pref	7	74	70	70	70	70	7
Quebec Railway	..	23	22	23½	22	22½	631
Riordon Pulp com.	..	5	4	4	4	4	55
Rogers, Wm. com.	..	50	49¼	49¼	49	49¼	10
Do pref.	7	78	77	78	78	78	1
Shawinigan	7	105⅛	105	105	105	105	194
Sherwin-Williams pref	7	...	...	90	88	90	37
Spanish River Pulp com.	7	56	54	54	51½	54	158
Do pref.	7	...	71	72	68¾	71½	1078
Steel of Canada com	7	56	55	57	55	55	440
Do. pref.	7	93	92	93½	92	93	85
Toronto Railway	...	68	67	71	67	67¼	2279
Tuckett Tobacco pref.	7	...	80¾	78	78	78	2
Twin City com.	..	41	39	41	41	41	45
Wabasso Cotton	4	57	56	56	55½	56	60
Wayagamack	..	37½	36	39	37	37	40
Winnipeg Electric	..	34	33	34⅛	33	33½	98
Can. Permanent	12	18	17½	17¾	17½	17¾	140
Col. Investment, pref.	6	7¾	...	8	8	8	1
Landed Banking	8	...	135	135	135	135	15
Toronto Mortgage	9	...	74	74	74	74	3

FIFTIETH FINANCIAL REPORT OF THE

CONFEDERATION LIFE ASSOCIATION

FOR THE YEAR ENDING DECEMBER 31st, 1921

Submitted at the Annual Meeting, Held at the Head Office, Toronto, Jan. 31st, 1922

CASH STATEMENT

For the Year ending December 31st, 1921

Net ledger assets, Dec. 31st, 1920		$25,830,360.73
RECEIPTS		
Premiums—		
First year	$ 905,406.80	
Renewal	4,319,640.34	
Single	267,230.40	
Annuity	43,955.84	
Amounts left on deposit	19,032.66	
Supplementary contracts	8,021.55	
	$5,563,287.59	
Less re-assurances	188,755.15	
		5,374,532.44
Interest	$1,385,880.80	
Rents, net	119,996.36	
		1,505,877.16
Profit on sale of securities		53,076.63
		$32,763,846.96

DISBURSEMENTS		
To Policyholders and Beneficiaries:		
Death claims	$944,343.73	
Endowments	348,611.90	
Annuities	118,792.90	
Disability annuities	730.00	
Matured investment policies	272,930.00	
Surrendered policies	324,555.63	
Supplementary contracts	9,898.25	
Profits	335,291.64	
Temporary reductions	28,306.72	
Amounts on deposit withdrawn	7,251.63	
		$ 2,390,712.45
Expenses, salaries, rents, commissions to agents, doctors, solicitors, etc.		1,467,470.08
Government taxes and license fees		82,933.31
Dividend to stockholders		20,000.00
Net ledger assets, Dec. 31st, 1921		28,802,731.12
		$32,763,846.96

BALANCE SHEET

As at December 31st, 1921

ASSETS	
First mortgages on real	$ 5,751,811.71
Bonds and debentures at cost	14,992,787.75
Stocks at cost	1,184,374.10
Loans on stocks	37,000.00
Real estate at cost, including Company's buildings at Toronto and Winnipeg	2,234,274.84
Loans on Company's policies	4,062,971.86
Sundry items	53,274.74
Cash in banks and at head office	458,610.04
	$28,825,105.04
Less current accounts	22,373.92
Net ledger assets as per cash statement	$28,802,731.12
Interest and rents due and accrued	690,301.54
Net outstanding and deferred premiums, reserves thereon included in the liabilities	946,305.33
	$30,439,337.99

LIABILITIES	
Net liability under insurance and annuity contracts	$27,096,906.00
Death claims advised but not yet paid, including all claims reported to date and reserve held for unreported claims	249,928.22
Endowment claims outstanding	15,337.10
Amounts left on deposit	20,725.63
Temporary reductions on outstanding premiums	4,094.54
Profits to policyholders due and unpaid	44,342.67
Profits allotted to deferred dividend policies issued since 1911	412,372.67
Premiums and interest paid in advance	37,160.94
Provision for special agency expense	15,000.00
General expenses accrued	5,277.91
Reserve for taxes payable in 1922	70,000.00
Capital stock paid up	100,000.00
Surplus above all liabilities, including investment and contingent reserve fund of $538,736.33	2,368,183.31
	$30,439,337.99

Audited and found correct:
A. C. NEFF, F.C.A.,
CLARKSON, GORDON & DILWORTH, C.A., } Auditors.

General Manager.
C. S. MACDONALD,

INSURANCE ACCOUNT

Insurance written and revived ....$27,253,419 Insurance at Risk $145,237,818

OFFICERS AND DIRECTORS

Vice-President JOSEPH HENDERSON, Esq. | President J. K. MACDONALD, Esq. | Vice-President COL. ALBERT E. GOODERHAM

John Macdonald, Esq. Lt.-Col. J. F. Michie John Firstbrook, Esq. Wilmot L. Matthews, Esq.
Thos. J. Clark, Esq. Peleg Howland, Esq. James F. Ganong, Esq. B. B. Cronyn, Esq.
General Manager: CHARLES S. MACDONALD, M.A. R. S. Waldie, Esq.

General Manager of Agencies J. TOWER BOYD | Medical Director ERNEST M. HENDERSON, B.A., M.B. | Secretary J. A. MACDONALD

Actuary, V. R. SMITH, M.A., A.A.S., A.I.A.
Asst. Actuary, J. H. BIRKENSHAW, B.A., F.A.S.

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MONTREAL, QUE.

Announcement

Wm. C. Brent & Co., Limited

On and after the 1st of February, 1922, the firm name of Brent, Noxon & Co. will be changed to Wm. C. Brent & Co. Limited. Mr. W. C. Noxon now Agent-General in the British Isles for the Ontario Government has not been associated as a partner since the year 1913.

The partners as heretofore will comprise Wm. C. Brent and H. Brent there being no change whatever in the efficient organization and staff.

During the past 20 years the firm have handled only Government and Municipal Bonds and first-class industrial securities and this conservative policy will be strictly adhered to in the future.

WM. C. BRENT & CO., LIMITED
Dominion Bank Building, Toronto
Telephone Main 614, 615, 616

THE STANDARD TRUSTS COMPANY

The Nineteenth Annual General Meeting of the Shareholders of The Standard Trusts Company was held at the Head Office of the Company, in Winnipeg, on Thursday, the 26th day of January, 1922. There was a good attendance of Shareholders, and the following Report and Financial Statement were submitted and adopted:

REPORT OF THE DIRECTORS
For the Year Ended 31st December, 1921.

Winnipeg, 12th January, 1922.

To the Shareholders:

Your Directors beg to submit their report of the Company's operations for the year which ended 31st December, 1921.

The balance brought forward from the Profit and Loss Account of 1920 was		$ 38,468.18
The net profits from the past year's operations (after deduction of expenses, and making allowance for depreciation of assets in consequence of abnormal conditions in the Agricultural industry and Income and other Taxes, Federal and Provincial), amounted to		75,450.80
Leaving for appropriation the sum of		$ 113,918.98
Which your Directors have appropriated as follows:		
Dividend No. 34, at the rate of 4½%	$45,000.00	
Dividend No. 35, at the rate of 2½%	25,000.00	
Making the rate for the year 7%	$70,000.00	
Leaving to carry forward the sum of	43,918.98	
		$113,918.98

In 1915 your Directors laid aside, out of profits, a Contingent Fund to meet any losses that might arise out of War conditions, and two years later it was found to be an unnecessary precaution, and this fund was merged with the Company's general Reserve Fund, which, in 1917, stood at $500,000.00, and now stands at $600,000.00, of which $475.000.00 represents actual profits, and the balance of $125,000.00 premiums on Stock subscriptions.

Since 1917 to the present time, the farmers of certain areas of the West have received but indifferent returns, while they have been compelled to pay the high prices for labor and every article that enters into the farmer's expenditures. These causes, combined with the large drop in the price of farm products have compelled us to give those farmers a generous carrying over of their interest and principal payments, which your Directors deemed it prudent to do, with the result that, while some of the accounts are uncollectable, it is not to be expected that, with a return of good years, much loss may be looked for, but, nevertheless, your Directors would recommend that the conservative course of 1915 be again taken and that a Contingent Fund be set up again, appropriating from the Reserve, the sum of $100,000.00.

Your Auditors continue to perform their work with their customary thoroughness, and your field force of Mortgage Inspectors have been unremitting in their efforts during a trying period, in safeguarding your interests in respect to those investments.

Your Office Staff at Head Office and in all the Branches, have worked with zeal and loyalty on the Company's behalf, and have discharged their duties efficiently and well.

All the members of your Board retire, in accordance with your By-laws, but are eligible for re-election.

Your Auditors, John Scott & Company, also retire, and offer themselves for re-appointment.

Respectfully submitted,
M. BULL, President.

FINANCIAL STATEMENT FOR THE YEAR ENDED 31st DECEMBER, 1921.

COMPANY ASSETS

Cash in Bank, at Branches and on Hand	$ 49,880.15
Loans on First and Equitable Mortgages	1,358,123.66
	$1,408,003.81
Advances to Estates under Administration	755,369.96
Office Premises—Winnipeg and Saskatoon	246,565.78
Balance of Mortgages	255,141.93
Foreclosed Properties	375,714.51
Miscellaneous	11,126.80
	$3,051,922.79

COMPANY LIABILITIES.

Balances due to Estates under Administration, invested and held for distribution	$ 707,129.98
Clients' Invested Funds—Guaranteed	586,864.21
Sundry Outstandings	7,500.14
Bank of Hamilton	81,509.48
Dividend No. 35, payable 3rd Jan., 1922	25,000.00
	$1,408,003.81
Capital Stock Subscribed	1,000,000.00
General Reserve	500,000.00
Reserve for Contingencies	100,000.00
Profit and Loss Account	43,918.98
	$3,051,922.79

TRUSTS' ASSETS

Mortgages and Agreements of Sale in process of collection.	3,292,433.98
Estate Assets—Real	6,146,204.96
Estate Assets—Personal	3,695,461.96
	$13,134,100.90

TRUSTS' LIABILITIES

Clients' Estates under Administration	13,134,100.90
	$13,134,100.90

AGENCY ASSETS

Clients' Allocated Securities	$ 1,199,984.73
Grand Total	$17,386,008.42

AGENCY LIABILITY

Clients' Funds Invested in allocated Securities as per contra.	$ 1,199,984.73
Grand Total	$17,386,008.42

MANLIUS BULL, President.

WM. HARVEY, Managing Director.

PROFIT AND LOSS ACCOUNT

Balance, 31st December, 1920		$38,468.18	
Net Profits for the year, after deducting Expenses of Management, Directors' and Auditors' Fees, Commissions, etc.		75,450.80	
			$113,918.98
Appropriated as follows:			
Dividend No. 34, at the rate of 4½%	$45,000.00		
Dividend No. 35, at the rate of 2½%	25,000.00		
Making the rate for the year 7%		$70,000.00	
Balance carried forward		43,918.98	
			$113,918.98

AUDITORS' CERTIFICATE

We beg to report to the Shareholders that we have audited the Books and Accounts of The Standard Trusts Company, at its Head Office and Branches for the year ending 31st December, 1921, and hereby certify that the above Balance Sheet is, in our opinion, properly drawn up so as to exhibit a true and correct view of the Company's affairs, according to the best of our information and the explanations given us, and as shown by the Books of the Company. All loan balances have been checked with the Mortgage Ledgers, and the Securities covering such loans have, as in previous years, been duly inspected and the cash and bank balances verified. All our requirements as Auditors have been complied with.

JOHN SCOTT & CO.,
Chartered Accountants.

Winnipeg, 11th January, 1922. Scotland and Manitoba.

Messrs. John Scott & Company were re-appointed Auditors, and the following Directors were re-elected to serve on the Board during 1922:

Messrs. Manlius Bull, John Persse, E. S. Popham, M.D.; William Harvey, B.L.; John A. Girvin, Kenneth McKenzie, John Stovel, W. A. Matheson, W. R. Bawlf, Hon. W. B. Willoughby, K.C.; John MacFarland and J. C. Gage.

At a subsequent meeting of the Directors, Mr. Manlius Bull was re-elected President, Messrs. William Harvey and E. S. Popham, M.D., Vice-Presidents, while the working or Executive Committee of the Board were elected as follows:

Messrs. Manlius Bull, William Harvey, E. S. Popham, M.D.; John A. Girvin, W. A. Matheson, and John Persse, with Mr. Bull as Chairman.

C.P.R. WILL EARN OVER 11% ON ITS $260,000,000 STOCK

Net Earnings Will Show a Small Balance Over 7 Per Cent.

OVER $1,000,000 GAIN

In Net Earnings Over Year 1920—Gross of $193,000,000—How Operating Costs Were Cut

From Our Own Correspondent

MONTREAL.—The final figures for the year 1921 covering the Canadian Pacific Railway Company's gross and net earnings were available this week and showed that the company, in spite of decreases during the latter part of the year, month by month, was able to end the year with net earnings of $34,201,740, which is an increase of $1,048,695 as compared with the net earnings of the year 1920. At one time during the year the company was some $3,000,000 ahead of the previous year but the falling off in general business during the latter part of the year gradually cut down this increase. As it stands however the net gain will be regarded as a very satisfactory result of the year's operations.

It is now possible to estimate the relation of net earnings and the dividend requirements of the company for the past year. It should be remembered that the railway operations in the past have been called on to contribute 7 per cent of the total of ten per cent. paid as dividends on the Company's capital stock of $260,000,000. In the year of 1920 there remained available for the common dividend the sum of $18,650,359, or a balance of $450,358 after paying the seven per cent. At the same time the "Special Income" Account provided the sum of $10,996,448 available for dividends. Out of this was paid the balance of three per cent. or $7,800,000, leaving a surplus on this account of $3,166,448. At the beginning of 1921 this Special Income Account had a surplus of $20,530,000.

Small Surplus

How does the year 1921 work out on a similar basis? There would be available for the common stock out of the railway earnings proper the sum of $19,698,055, and after the 7% payment as dividends of $18,200,000, there would be a surplus for the year of $1,498,055, as compared with one of $450,358 one year before. The former amount will not be so large, however, as fixed charges will be higher this past year, covering interest charges on the new debenture stock that was disposed of in England. Thus the actual surplus for the year or railway account alone may be little more than the $450,000 of 1920. It is expected that special income will be a little larger, thus allowing the full dividend of ten per cent. as earned, with a surplus of about 1½ per cent. or a total of about 11½ per cent. earned on the capital stock, by the railway and from "Special Account" such as steamships, telegraph, etc.

On the basis of similar deductions as one year ago the present net earnings account of the railway would work out as follows:

How Dividends Were Earned

	1921	1920
Gross earnings	$193,021,854	$216,641,349
Working ex.	158,820,114	183,488,304
Net earnings	34,201,740	33,153,044
Deduct fixed charges	10,775,409	10,775,409
Surplus	$23,426,331	$22,377,635
Cont. to pension fund	500,000	500,000
Balance	$22,926,331	$21,877,635
Deduct prev. div.	3,227,276	3,227,276
Bal av for com	$19,698,055	$18,650,359
Deduct div. on com. stock at 7%	18,200,000	18,200,000
Net surp for year	$1,498,055	450,358
Total av for com.	7.57%	7.17%

Special Income Account

	1921	1920
Amt. available.		$10,966,448
Paid in div (3%)	$7,800,000	7,800,000
Surp on this acc.		3,166,448
Total bal. on hand Dec. 31		$20,530,292

Gross Dropped to 193 Millions

The increase in net earnings for the year is all the more remarkable when it is seen that the gross earnings were over $23,500,000 behind those of 1920, the figures comparing as $193,021,854 with $216,641,349. The operating expenses, however, had been forced down by the company when faced with falling revenues and the total amounted to only $158,000,000 as compared with $183,000,000 for the previous year.

Even as they stand, however, the gross earnings are the second largest in the history of the company representing an increase of $17,000,000 over 1919; $36,000,000 over 1918 and $84,000,000 over 1915. On the other hand the net earnings are for the most part lower than those of the past ten or twelve years, being $16,000,000 less than the high record established in 1915 when they exceeded $50,000,000. The following is a record of the gross and net earnings of the company since the year 1910.

Gross and Net Since 1910

1921	$193,021,854	$34,201,740
1920	216,641,349	33,153,044
1919	176,929,060	32,933,036
1918	157,537,698	34,502,387
1917	152,389,334	46,546,018
1916	139,729,687	50,476,499
1915	109,397,246	43,525,235
1914	110,466,785	34,788,067
1913	141,155,657	46,326,160
1912	134,279,363	45,959,144
1911	110,946,516	38,553,520
1910	100,851,629	36,386,789

The figures for the month of December alone show gross earnings of some $15,000,000 as compared with $20,000,000 one year ago a decrease of nearly $5,000,000. The net earnings for the month were $1,917,000 as compared with $2,222,000 one year ago, giving a decrease of $304,000. Figures covering the twelve months, and December alone are:

	1921	1920	Change
Gross—	$193,021,954	$216,641,349	—$23,619,494
Oper. expenses—	158,820,114	183,488,304	—24,668,190
Net	$34,201,740	$33,153,044	+$1,048,695
	1921	1920	Decrease
December—			
Gr.	$15,756,923	$20,604,167	$4,847,244
Op. ex.	13,839,142	18,382,095	4,542,953
Net	$1,917,781	$2,222,072	$304,291

A comparison of operating expenses to gross earnings show a steady decline in the percentage of the former during the year. This was due partly to efforts to cut down the cost of operation in the presence of decreasing business, aided by the decline in wages that took place early in July, and the drop in prices of materials such as coal. The comparison for each month works out as follows:

Record for Year and Month

	inc. or dec. over 1920	% oper. to gr. ex.
January	+ 55,483	95.50
February	+ 99,518	93.70
March	+493,143	83.40
April	+304,289	80.77
May	+ 95,608	76.29
June	+473,940	78.53
July	+434,850	86.97
August	+375,326	84.90
Sept.	+411,394	77.83
Oct.	—989,335	69.61
Nov.	—401,208	80.06
Dec.	—304,291	80.77
Total or average	+1,048,695	81.20

FUR VALUES DECLINE FOR SEASON 1920-21

Pelts Number 18 Per Cent. Less—Values More Than 50 Per Cent. Off

There was a sharp slump in the production of furs in Canada for the season 1920-21, according to records compiled by the Dominion Bureau of Statistics. A preliminary summary places the total value of the furs at $10,122,571, as compared with $21,387,005 for the season of 1919-20, a decline of more than 50 per cent. The pelts of the fur-bearing animals taken during the year numbered 2,924,500, a decrease of 675,504 or 18 per cent. Measured by the principal six kinds were beaver, $2,681,938; muskrat, $2,494,413; marten or sable, $1,076,903; mink, $966,848; white fox $741,551 and silver fox, $431,255. The highest average value per pelt is shown by silver fox with $151.

The value of fur production for each of the provinces is as follows:

Province	Number of Pelts	Value of Pelts
P. E. Island	5,678	$256,137
Nova Scotia	52,908	112,563
New Brunswick	32,858	72,500
Quebec	374,167	2,061,853
Ontario	734,493	3,038,560
Manitoba	499,313	1,046,000
Saskatchewan	341,836	717,084
Alberta	539,022	1,085,872
British Columbia	120,032	499,973
Territorities	208,068	1,153,840
Yukon	16,125	78, 189
	2,924,500	10,122,571

CAR AND FOUNDRY IN GOOD LIQUID SHAPE

But Equipment Orders Are Urgently Needed—Not Repenting Soviet Order

From Our Own Correspondent

MONTREAL.—At the annual meeting of Canadian Car & Foundry Co., the president, W. W. Butler, said he could give no assurance to the shareholders in regard to the resumption of the preferred dividends, for the simple reason that he had no idea when the Company would receive the volume of railway equipment orders for which they have been looking for a long time. Even if these did not come during the new fiscal year, the Company would at least be able to present a report showing a strong liquid position. At the present time it has no bond indebtedness and has cash and securities exceeding $2,220,000.

Dealing with the past year's operations, Mr. Butler remarked that he had never in his experience seen such a sudden transition from good to bad business. Under these conditions he had gone over to Europe to try to hunt up some orders. Although some people called the gold of the Soviet Government "tainted," he had no scruples in accepting $2,000,000 of it and expending it in Canada.

Real Satisfaction!
Enjoy them to-day
PLAYER'S
NAVY CUT
CIGARETTES

Progress in 1921

THE results achieved by the North American Life Assurance Company during 1921 continue to establish beyond question the strength and security of the Company. The following outstanding figures will be very gratifying to all interested in the welfare of the Company:—

Policies Issued and Revived	$ 20,279,954.00
Amount of Insurance in Force	106,006,667.00
Assets	21,877,767.36
Payments to Policyholders	1,963,950.04
Net Surplus	3,025,364.90

These records are the outward evidence of the unexcelled financial position attained by the Company, and of the solid foundation upon which it has been built. In the North American Life, policyholders' interests are paramount, over 99% of the profits earned being alloted to them. If you are contemplating new insurance, see one of our representatives. A copy of the 1921 Report will be sent upon request.

NORTH AMERICAN LIFE ASSURANCE COMPANY
"Solid as the Continent"
Home Office: Toronto, Can.

L. GOLDMAN, President
W. KERR GEORGE,
D. McCRAE, Col.,
Vice-Presidents

"Agencies in all important cities of Canada"

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Dennisteel Shelving makes space for the storing of materials. It can be kept in systematic order, and does away with the necessity of a store-room.

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LONDON
CANADA

Halifax, Montreal, Ottawa, Toronto, Hamilton, Windsor, Winnipeg, Calgary, Vancouver

Canada Permanent Mortgage Corporation

Toronto Street - - Toronto

31st December, 1921

Paid-up Capital	$ 7,000,000.00
Reserve Fund	7,000,000.00
Unappropriated Profits	271,136.60
Total Assets	39,077,608.12

We cordially invite your deposit account and offer you the complete facilities developed during the sixty-seven years that we have been caring for the savings of many thousands of our citizens. One dollar or more will open an account.

Established 1855

BIG DEFICIT FOR TORONTO RAILWAY IN LAST PERIOD

Goes Behind Nearly $1,000,000 In First Eight Months of 1921

THE "CLEAN-UP" DEAL

President Mackenzie Looks for Satisfactory Agreement in Few Weeks—Large Cut in Reserves

Unprecedented costs in the closing months of the career of the Toronto Railway Co., as an operating concern, made this period one of the most disastrous from a profits standpoint in the company's history. A financial statement has been issued which covers the year ending December 31 last, during which however, the company was actively operating only eight months or until the end of August. After all charges there is a deficit for the year amounting to the grand total of $997,299, which compares with a defiicit of $417,426 for the previous year, during which the company operated of course for the full twelve months. Gross earnings for the period amount to $5,130,431, compared with $7,909,891 for the full previous year.

Following is the revenue statement for the year:

Gr. earnings (8 mos.)		$5,130,431
Operating, main...	$4,782,490	
Int. on bonds	113,624	
War tax.	38,890	
City percentage ..	1,004,893	
Pavement taxes ...	187,831	
		$6,127,730
Deficit		$997,299

The several accounts of the past two years compare as follows:

	1921 (8 months)	1920
Gross income	$5,130,430	$7,909,891
Operating	4,782,490	6,626,508
Net earnings	347,941	1,283,383
Passengers carr.	135,947,869	197,346,726
Transfers	53,086,895	77,911,713
Char. to earnings	93.2	84.2

A statistical statement submitted along with the report outlines the very marked increase in the percentage of charges and other items compared with passenger earnings, in the past ten years. In 1911 the ratio was 55.2 per cent. and until 1916 the percentage fluctuated between this rate, and 57. In 1916 the rate advanced to 61.5, in 1918 to 71.7, in 1919 to 79.5, in 1920 to 84.2 and in the last stage or for the eight months ending August 31 last, to 93.2 per cent. or nearly double the ratio of ten years ago.

Hurrying "Clean-up"

Sir William Mackenzie, the president, in his report, refers to the proposed sale of the power and radial interests of the company to the Ontario Hydro Electric Commission, and points out that directors of the company have done everything in their power to conclude negotiations as soon as possible, but "owing to the vast amount of detail work which includes the searching of several thousand separate parcels of property, covering 250 separate miles of right-of-way of transmission lines and radials the various municipalities have not yet completed their work. It looks now," he adds, "as if an agreement satisfactory to the parties may be completed within a few weeks."

Discussing the arbitration between the city and company in connection with the taking over of the railway system, Sir William intimates that an interval of several months may yet elapse before the arbitrators can make their award. The expense of the arbitration and that of the "clean-up," he said, would be costly to the company, but that could not be avoided.

He made further reference to the 4½ per cent. mortgage bonds on which the interest fell due on August 31 last. The original issue was for $4,550,000, but had been reduced by the operation of the sinking fund to $2,274,360. As the amount to be paid to the city would not be determined for some time, he intimated, interest at the rate of 6 per cent. would be paid during the interval which must elapse before payment of these bonds.

The balance sheet shows assets valued at $22,477,987, compared with $21,683,174. Cash on hand has increased from $109,087 to $485,935, and advances to subsidiary companies from $1,341,344 to $1,800,076. Liabilities include an item of $2,000,000 owing the city of Toronto on account of purchase. A note appended intimates that $1,000,000 of this amount was paid the city by order of the courts on account of percentages due. Accounts payable have been reduced from $1,031,634 to $808,212, while there has been a slight strengthening of reserves from $1,111,870 to $1,116,127. The profit and loss account has been reduced from $5,161,100 to $4,163,801.

American Woolen Co. has sold out its entire season's production of women's wear materials in department four and will withdraw all lines in this department today. Men's suitings and overcoatings in other departments are also being taken well.

BUYING GERMAN PLANTS

One Way Manufacturers Can Win On Exchange

American and British manufacturers unable to sell American or British made goods in Germany with the low purchasing power of the mark are exporting their capital to buy up German establishments. A manufacturing plant comprising buildings and sheds covering 20 acres near Munich has been acquired by Americans and will be used for the manufacture of agricultural machinery and materials used in the building industry.

NEW OIL REFINERY IN MONTREAL EAST

First Unit Will Give Production of 1,000 Bbls. Daily—Saving In Duty

From Our Own Correspondent

MONTREAL.—A new oil refinery is being established in Montreal East under the title of Red Star refineries. Arrangements are being made for the installation of the first unit of machinery with a capacity of 1,000 barrels a day. This is expected to be ready about mid-summer. The promoter of this new business has been T. A. Hilburn of Fort Worth Texas, who is an oil producer and refiner and who has been organizing the new company in Montreal for the better part of the past year. His estimate is that fully 60 per cent. of the oil used in Canada is imported in the refined state.

The company has arranged to secure a supply of crude oil from Northern Texas and Oklahoma. It is not their intention at first to continue the process up to the production of lubricating and machine oil, but to restrict themselves for the present to the more simple process of converting the crude oil into gasoline, kerosene and fuel oil. The process of manufacture is complete in about twenty-four hours from the start.

In connection with the financing of this project an issue is being made of $1,000,000 of 8 per cent. preferred stock of par value of $10 per share with which is given a bonus of 40 per cent. of common stock. There will be $2,000,000 of common stock outstanding, but no bond issue. The preferred stock is being offered at par.

With Mr. Hilburn there are associated Hon. N. A. Belcourt, K. C. of Ottawa; F. W. Stewart, vice-president, Cluett, Peabody Co., of Canada; H. W. Austin, Montreal, managing director, Perrin Kayser Co., Ltd.; J. S. Stanford and John MacNaughton of Montreal and J. S. Giles of Lachute.

MOST DIFFICULT YEAR FOR DULUTH-SUPERIOR

Decline of 7.3 Per Cent. in Gross Revenue—Seek Fare Increase

The most difficult year from an operating standpoint in the history of the company is the description of A. M. Robertson, president of the Duluth-Superior Traction Co., of the company's experiences in 1921, as presented in the annual report to shareholders. President Robertson supplements this general statement with a detailed outline of some of the problems encountered, chiefly arising out of the continued high cost of operation, in conjunction with a decrease in passenger revenue owing to the industrial depression. "It is hoped," he adds, "that at least a part of our difficulties are now behind us, but your management fully realizes the necessity of continuing the present reduced service, and if possible, devising new economies in operating costs, until an increased fare is permitted in the city of Duluth."

The fare increase granted by the Railroad Commission of Wisconsin, effective September 1 last, and applying only within the city of Superior, had conferred no immediate benefit because of a decline in the number of passengers carried as a result of the depression in industry in that city.

Efforts to secure an increased fare in Duluth have not been successful, although litigation is still pending. On January 3 a 10 per cent. wage reduction affecting all employees was announced, taking effect on January 16. No dividends were paid on the common stock, and only one quarterly dividend of $1 per share was paid on the preferred.

The gross revenues for the year show a decrease of $141,047 or 7.3 per cent., as compared with the year 1920. Net income transferred to profit and loss for the year shows a net decrease of $45,260, or 61.3 per cent., as compared with the year 1920.

Total railway operating revenues were $1,777,330, compared with $1,919,579 in 1920. Net revenue from railway operation was $284,025, against $333,678, and operating income, after taxes, was $176,615, compared with $223,020.

Commercial printing houses at Cleveland will cut wages 10 per cent. February 1. Most of them have been operating under open shop since last spring. Compositors and pressmen have been averaging $45 a week.

AMERICAN MILLS VALUABLE ASSET TO BROMPTON CO.

Net Equity of Over $2,000,000 in Claremont Plant Alone

PAY FOR THEMSELVES

Afterwards Profits Will Be Available For Dividends—Why Preferred Rate Was Raised

From Our Own Correspondent.

MONTREAL.—Questions of shareholders at the meeting of the Brompton Pulp & Paper Company as to when the common dividends were likely to start again, failed to receive much definite encouragement from the president of the company, F. N. McCrea, M.P., nor could Mr. McCrea take any definite stand on the business the company would do during the present year. He was hopeful however, that the worst had been passed and stated that January of last year had seen the lowest point reached in the company's business, and that since then the improvement had been steady.

What was of really more importance to the investor in this company's securities was a detailed explanation given by Mr. McCrea and Mr. Bothwell, general manager of the company, as to the valuable asset the company possesses in its two American plants at Claremont and Groveton, a phase of the Brompton situation that was dealt with in these columns a couple of weeks ago. The Claremont mill was all paid for except preferred stock of $250,000. An equal amount of preferred stock and the bonds had been paid off, and Mr. Bothwell's estimate was a present value of $2,500,000 for this property. The Groveton mill had bonds still outstanding of $1,250,000 which could be retired any time within the next sixteen years in blocks of $50,000. In both mills extensive improvements had been made on plant and water power development, etc., making a considerable saving in overhead costs. Over $1,000,000 has been spent on Claremont property alone.

It was explained that none of the net earnings of these two mills would be available for dividends for the Brompton Company until the balance owing on the mills had been wiped out. There was a direct immediate advantage however, in the connection between the company and these mills in the latter providing a market for sulphate pulp manufactured in Canada, which is sent over the border to be made up into wrapping paper and sold in the United States. If this pulp were manufactured in Canada a duty of 25 per cent. entering the United States would be prohibitive.

The question was raised also as to why the preferred dividend had been raised from 7 to 8 per cent. on the $2,000,000 of stock outstanding, representing an increase in dividends of $20,000 a year. It was explained that last year when a sudden slump in business had made it necessary for the company to raise funds through a bond issue it had been necessary for the consent of the preferred shareholders to be obtained for this issue as it would rank prior to their own stock. The increased dividend was given as an inducement for them to sign permission for the bonds to be issued.

INDUSTRIAL STATISTICS

A comparative survey of the industrial statistics of the province of Ontario for the three years, 1917, 1918 and 1919 has been published by the Dominion Bureau of Statistics. The record shows a large increase in the number of establishments, the capital invested, employees, salaries, wages, etc., for the year 1919, as compared with earlier years, although there is a slight decline in the cost of materials and in the value of the products. The comparison is as follows:

	1919	1918	1917
Establishments—	16,438	15,365	14,381
Capital—	$ 1,583,161,271	1,508,011,435	1,335,968,699
Employees on salaries—	44,545	39,218	37,132
Salaries—	67,249,559	56,802,691	49,270,800
Employees on wages—	278,814	294,754	289,503
Wages—	269328,710	263,937,523	229,191,908
Cost of materials—	943,622,018	1,008,824,704	822,842,054
Value of products—	1,737,543,996	1,809,067,001	1,533,738,655

WITHIN

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New Ford Prices

Effective January 16th, 1922.

Touring Car .	$535
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Starting and electric lighting on above models $85 extra.

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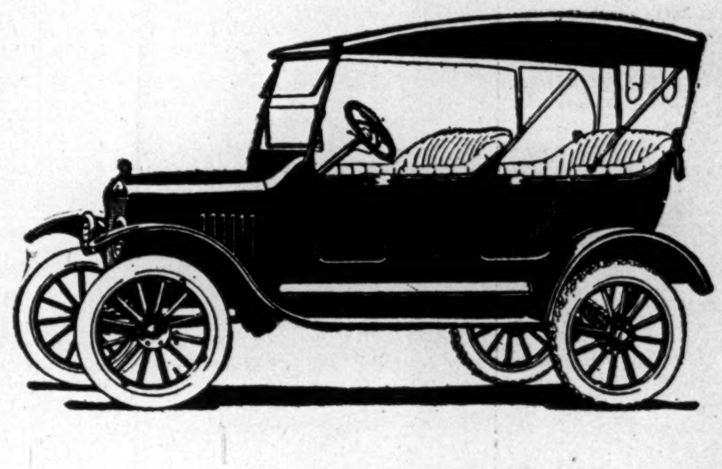

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MONEY BANKING AND EXCHANGE

COLLECTION OF RURAL CREDITS UNSATISFACTORY

Figures Indicate Big Sums Outstanding In Manitoba

MORE MONEY NEEDED

Five or Six Millions Will Be Required to Finance Crop Needs of Rural Credit Societies in 1922

From Our Own Correspondent

WINNIPEG—From an economic angle the story of the provincial government's financing of Manitoba agriculturists is not a particularly cheering review. It indicates a continuance of monetary assistance upon a generous scale for 1922. The annual report of the Rural Credits' Department of the Manitoba Government as tabled in the legislature shows that of the $2,556,975 advances to rural credit societies up to November 30, 1921, $939,000 was authorized to be carried forward into 1922. The balance of $1,617,000 remained to be collected before the commencement of 1922. On November 30, 1921—the date when the Department's accounts were closed—however, only $480,000 or 30 per cent. of this $1,617,000 balance had been liquidated.

Both of the Winnipeg newspapers, in the final week of December quoted Director Gifford of the rural credit societies to the effect that approximately 60 per cent. of outstanding loans to the Manitoba farmers would be repaid to the government before the year ended. At that time bankers expressed the opinion that it seemed highly improbable in view of the unfavorable position of the agrarian industry, that farmers would be able to retire more than 20 per cent. of their 1921 obligations. Therefore, unless Mr. Gifford is prepared to present substantially better figures for the month of December than those for the fiscal year of his department it is clear that the bankers' forecast was nearer the mark than were the forecasts of the rural credit director through the medium of the Winnipeg Free Press and Tribune.

A Poor Crop Year

"The crop of 1921 will be remembered by the farmers of Manitoba as one of the worst in the history of Western Canada in spite of the large volume of grain that has been marketed," says the preamble of Director Gifford's report to the Provincial Government, advancing reasons why his Department did not make a more successful showing.

However the public is given immediately to understand that the Provincial Government's rural credit structure is not built upon a strictly economic foundation. In other words it is not intended to be a profit-making enterprise as a chartered bank or other loaning corporation must be, if it is to progress—indeed to exist.

Director Gifford stresses this Utopian element by explaining that "Rural credits duly combined with safety, serve to keep the farmer on his land," and he further adds, "If we had disregarded this fact we could undoubtedly have increased our collections but even at this our collections will compare favorably with other organizations."

In spite of the substantial carryover Director Gifford states, "While we will carry over a percentage of our loans there is no danger of the provincial government having to take any loss on the advances made."

More Money Needed

Citing the serious future which confronts Manitoba farmers for 1922, in view of last year's unprofitable grain crop and the prostration of the cattle industry, Director Gifford foreshadows substantially increased financing for the agrarians this year. It has been estimated that the rural credit societies of Manitoba will need $5,000,000 to finance the 1922 crop. The Manitoba Free Press raises this estimate to $6,000,000.

Interesting details of the year's operations are revealed in the report, as follows:

"Rural credits societies increased from 58 in 1920 to 73 in 1921. Credits were curtailed as far as possible and reduced over 1920, but owing to the extraordinary drop in prices in 1920 we were unable to effect as great a reduction as could be desired without inflicting hardships on the farmer.

"Cattle loans of which we granted $205,000 in 1920 had to be carried over and our 1921 loans of $109,000 for this purpose as well. Nothing was to be gained by forcing the farmer to sell his stock as the price obtained would little better than pay freight and would leave the farmer with a liability to be repaid from some other source. That a reduction of loans was accomplished the following figures will testify: 58 societies in 1920 granted credits of $2,066,000; 73 societies in 1921 granted credits of $1,960,000, so that with our increase of 27 per cent. in societies our loans granted were $100,000 less.

"From November 30, 1920 to November 30, 1921, our collections amounted to $978,246. During this period we took over from the banks all the advances they had made to the various societies so that now the entire advances to Rural Credits which on November 30, 1921, amounted to $2,556,797 are made by the provincial government. During October and November we discounted for societies, notes amounting to $390,000 repayable in 1922. Credits for stock loans amounting to $314,000 were also extended to 1922 and breaking loans which do not mature until December a correct statement of what will be paid cannot be given now but up to November 30, 1921, $480,000 or 30 per cent. had been repaid."

STERLING MOVES TO A HIGH OF 4.28¾

Francs Too Are Firm—N. Y. Funds Under 5 Per Cent. Margin

Outstanding strength in Sterling was the feature of the Exchange markets for the week. In a succession of rapid advances sterling moved to $4.28¾, the highest point in more than two years. Francs were firmer too but fluctuations were of a moderate character. New York funds consistently hovered below the 5 per cent. margin, ranging from a low of 4 3-8 to 4 15-16.

Strength in Sterling can be attributed in part to the constructive accomplishments of the Washington disarmament conference; the improvement in Britain's trade balance, and the payment of a large sum in the United States on interest arrears. Sterling reached a high of $4.50 at Toronto.

NEW YORK FUNDS

Jan. 26—Funds showed a tendency toward weakness, selling at 4 7-8, 4 27-32 and 4 15-16.

Jan. 27—Funds steady around 4 5-8 to 4 3-4.

Jan. 28—Opening at 4 5-8 to 4 3-4, funds firmed to 4 23-32 to 4 25-32 at close.

Jan. 30—Funds sold at 4 3-4, 4 3-8, 4 7-16, 4 3-8 to 4 1-2.

Jan. 31—Sales at 4 3-8, 4 1-2 to 4 9-16.

Feb. 1—Fund changes at 4 1-2, 4 5-8, 4 11-16 to 4 3-4.

STERLING AND FRANCS

	Sterling Demand	Sterling Cables	Francs Demand	Francs Cables
Jan. 26	$4.23	$4.23¾	12.27	12.25
Jan. 27	4.24¼	4.25¼	12.24	12.22
Jan. 28	4.24½	4.25¼	12.19	12.17
Jan. 30	4.26⅝	4.27⅜	12.16	12.14
Jan. 31	4.27⅜	4.28¼	11.97	11.95
Feb. 1	4.28¾	4.29½	12.05	12.03

Weekly Bank Clearings

(In comparison with same week last year.)

Eastern Cities

Jan. 26, 1922		Change	%
Toronto	$104,361,639	+$18,209,912	21.1
Montreal	90,560,496	—11,061,182	10.8
Ottawa	5,107,869	—590,588	10.3
Hamilton	4,682,991	—469,985	9.1
Quebec	4,552,681	—1,602,038	26.0
Halifax	2,962,662	—875,902	22.8
St. John	2,514,949	—478,293	15.9
London	2,620,303	—266,460	9.9
Windsor	2,383,878	+9,962	.4
Moncton	958,594	—35,631	3.5
Brantford	951,880	—200,197	17.3
Kitchener	864,801	—50,766	5.5
Sherbrooke	792,139	—266,524	25.1
Peterboro'	598,568	—226,027	27.4
Total, East	$223,913,450	+$ 2,096,281	.9

Western Cities

Jan. 26, 1922		Change	%
Kingston	667,317	.....	...
Winnipeg	$34,292,951	—$15,281,999	30.8
Vancouver	12,234,953	—397,070	3.1
Calgary	4,243,348	—2,852,901	40.2
Edmonton	3,529,133	—813,193	18.7
Regina	2,683,878	—1,091,717	28.9
Victoria	1,954,347	—234,371	10.7
Saskatoon	1,345,598	—179,793	11.7
Moose Jaw	927,418	—428,189	31.6
Ft. William	1,016,657	—136,421	15.5
Brandon	462,416	—163,595	26.1
Lethbridge	429,061	—139,302	24.5
N. Westm'ster	425,852	—162,653	25.2
Prince Albert	390,317	31,276	9.7
Medicine Hat	262,473	—191,931	42.2
Total, West	$ 64,098,402	—$21,831,569	25.4
Gr. Total	$288,011,852	—$19,735,288	6.4
Yr. to date	$1,272,757,709	—$120,448,891	8.6

HOW THE FINANCE ACT OPERATED DURING THE WAR

(Continued from page 2)

banks and the public held the balance, $22,000,000. The Finance Department held gold to the amount of $91,000,000. The amount uncovered was, therefore, a million dollars less than the amount held by the public. This amount is pocket and till money throughout the Dominion. It is in bills of small denomination and could be counted upon as certain not to be presented for redemption in gold. We were therefore truly upon a gold basis. In August, 1914, we increased the amount of notes which could be issued without the cover of gold by providing that of the first $50,000,000 of Dominion notes issued, 25% only need be held in gold. After the change was made the ratio of gold to notes was 71% as against 81% previously. In 1870, the percentage of gold to Dominion note circulation was 22; in 1880 it was 41; in 1890, 34; in 1900, 55; and in 1908, 65.

Note Issue Increased

During the war, in order to meet pressing financial needs for credits to the Imperial Government, and in connection with railway finance, the Dominion note issue was considerably increased, with the protection not of gold but of securities. For example, in the summer of 1917 we made advances of $50,000,000 in Dominion notes as a credit to the Imperial Government for purchasing commodities in Canada. They lodged securities of the value of $60,000,000 as collateral for this loan. The Banks have also borrowed against securities.

At present our entire Dominion note issue is $287,312,726 against which the Department of Finance holds gold $85,075,185 and securities for the remainder.

Dominion Borrowings

As to Dominion borrowings. Before the war the Government confined its operations to Great Britain, where the Dominion debenture stock was a trustee security and consequently could be sold upon a low interest-yield basis. The process of borrowing was quite simple. Issues of debenture stock of the number of millions of pounds sterling required were first underwritten and then issued to the public through the Bank of Montreal, the fiscal agent of the Dominion in London. Our borrowing in Great Britain before the war was done upon a very economical basis as to annual interest payments. During the war the British market became practically closed and we borrowed in New York and in Canada. In connection with our Canadian borrowing and our several Victory Loans, the banks, through their thousands of branches throughout Canada, were able to render very valuable service to the Government. The Managers at these branches became active canvassers for subscriptions. The banks, as you know, received the instalments as they matured upon all subscriptions made and issued interim certificates and, finally, the bonds to subscribers. There was an immense amount of work connected with this, and the banks deserve the greatest credit for their efficiency in handling these enormous transactions. At present, and during the currency of the various war loans, the banks cash the coupons as they mature. The advantage which the Minister of Finance possesses in the chartered banks of Canada, with their numerous branches in every part of the Dominion in connection with these loans, cannot be over-estimated. A system such as we have in Canada with their branches is much more efficacious than the system of individual banks which prevails in United States. In order to get cooperative action in United States all these banks have to be dealt with individually, whereas in Canada all the branches can be set in operation through their head offices.

ANALYSIS OF BANK STATEMENT FOR NOVEMBER

ASSETS

Immediately Available Liquid Resources.					
1—Specie	$ 78,851,283	$ 81,671,381	—$ 2,820,098	$ 82,687,559	—$ 3,836,276
2—Dom. Notes	195,730,887	198,821,730	— 3,090,843	177,489,289	+ 18,241,598
4—Gold reserve	68,452,533	69,402,533	— 950,000	113,352,533	— 44,900,000
9—U. K. Banks	13,353,415	9,639,784	+ 3,713,631	23,624,878	— 10,271,463
10—Foreign Bks.	62,324,280	58,594,594	+ 3,729,686	82,327,209	— 20,002,929
11—Gov. Sec.	214,461,583	215,120,975	— 659,392	120,489,681	+ 93,971,902
15—Call loans ab'd.	169,859,037	193,001,119	— 23,142,082	211,442,642	— 41,583,605
	$803,033,018	$826,252,116	—$23,219,098	$811,413,792	— $8,380,774
Loans and Securities Other Than Those of Canadian Government.					
12—Public Sec.	$ 109,180,482	$ 112,414,797	—$ 3,234,315	191,172,317	—$ 81,991,835
13—Railway Sec.	44,021,051	44,648,640	— 627,589	46,494,937	— 2,473,886
14—Can. Call loans	113,071,089	104,392,115	+ 8,678,974	114,703,246	— 1,632,157
16—Current loans	1,174,053,434	1,210,101,634	— 36,048,200	1,301,804,302	— 127,750,868
17—Loans abroad	145,343,054	144,340,080	+ 1,002,974	184,540,423	— 39,197,369
19—Prov. loans	7,913,135	9,577,073	— 1,663,938	12,540,917	— 4,627,782
20—Municipal	64,618,935	80,094,483	— 15,475,548	55,973,926	+ 8,645,009
	$1,658,201,180	$1,705,568,822	—$47,367,642	$1,907,230,068	—$249,028,888
Other Assets					
21—Overdue debts	$ 8,444,145	$ 7,499,683	+ $ 944,462	$ 6,636,172	+ $ 1,807,973
22—Real estate	4,582,328	4,510,611	+ 71,717	4,323,027	+ 259,301
23—Mortgages	3,284,916	3,273,120	+ 11,796	2,663,821	+ 621,095
24—Premises	69,480,648	67,566,899	+ 1,913,749	60,376,915	+ 9,103,733
25—Lets. of credit	22,985,738	26,126,123	— 3,140,385	43,751,294	— 20,765,556
26—Other assets	4,323,482	3,789,216	+ 534,266	3,664,467	+ 659,015
	$113,101,257	$112,765,652	+ $ 335,605	$121,415,696	— $8,314,439
Total	$2,574,335,455	$2,644,586,590	—$70,251,135	$2,840,059,556	—$265,724,101
3—Note cir. dep.	6,529,310	6,521,128	+ 8,182	6,301,983	+ 227,327
5—8—Int. Bk. bal.	165,867,840	173,022,789	— 7,154,949	210,617,950	— 44,750,110
Gross	$2,746,732,605	$2,824,130,507	—$77,397,902	$3,056,979,489	—$310,246,884
LIABILITIES TO THE PUBLIC					
Liability to Government and Circulation.					
1—Circulation	$ 184,602,546	181,953,001	+ $2,649,545	$228,758,587	— $44,156,041
2—Dom. Gov.	121,190,191	138,996,968	— 17,806,777	118,984,574	+ 2,205,617
3—Prov. Gov.	28,970,522	33,921,476	— 4,950,954	19,004,286	+ 9,966,236
4—Demand dep.	540,942,522	555,901,712	— 14,959,190	657,496,742	— 116,554,220
5—Savings	1,240,807,268	1,252,227,394	— 11,420,126	1,293,007,488	— 52,200,220
Total	$1,781,749,790	$1,808,129,106	—$26,379,316	$1,950,504,230	—$168,754,440
6—Foreign	270,721,507	285,217,706	— 14,496,199	356,771,009	— 86,049,502
Due to Banks Abroad, Etc.					
9—U. Kingdom	$ 8,182,816	$ 8,835,216	— $ 652,400	$ 3,900,624	+ $ 4,282,192
10—Foreign	30,235,785	31,070,129	— 834,344	29,218,339	+ 1,017,446
11—Bills payable	11,167,844	12,409,746	— 1,241,902	10,414,778	+ 753,066
12—Acceptances	22,985,738	26,126,123	— 3,140,385	43,751,294	— 20,765,556
13—Other liab.	2,319,043	4,189,694	— 1,870,651	3,430,744	— 1,111,701
Public liab.	$2,462,125,782	$2,530,849,165	—$68,723,383	$2,764,738,465	—$302,612,683
8—Due bet. bks.	10,224,642	10,487,113	— 262,471	13,570,082	— 3,345,440
Gross	$2,472,350,424	$2,541,336,278	—$68,985,854	2,778,308,547	—$305,958,123

FOR BETTER BUTTER IN SASKATCHEWAN

Effort Being Made to Overcome the Handicap of American Tariff

From Our Own Correspondent

REGINA.—The closure of U. S. markets to Canadian producers is the principal cause of a large butter surplus in Saskatchewan at the present time, a condition which is causing lowest butter prices in years.

Jobbers in many instances are only offering fifteen to twenty cents per pound to producers. Co-operative organizations which have standardized butter and butter products, are enabled to secure better prices than this but 40 cents retail is an average price for the best creamery grades. This is the lowest price for the commodity at this particular season, that has been obtained for years.

Dairymen recognize that if some outlet for surplus Canadian butter is not made available soon, stocks now held in cold storage will be so materially added to that the price slump will continue.

In order to educate dairymen in regard to manufacturing methods and the requirements of the butter and butter products market, a dairy instruction train is now touring the province. Moving pictures and lantern slides play an important part in the course of instruction.

CUTTING FARM WAGES

Reductions Regarded as Absolutely Necessary in West

From Our Own Correspondent

REGINA.—Wages for farm labor, will, it is conceded, be greatly reduced during the present year. Farmers organizations in many parts of the province are advocating a uniform wage of $35 per month for farm laborers and daily rates of $3.50 to $4 per day for harvesters. These reductions, agriculturists insist, are absolutely necessary as under present prices for farm produce, production costs are so disproportionate as to be absolutely crippling. In other words, while wages, supplies and other items in the farmers' overhead costs remain at inflated, war-time levels, produce prices are lower than even in pre-war years.

NOT BANQUE PROVINCIALE

Through an error the heading of an article dealing with changes in the directorate of the Banque Nationale in last week's issue made it appear as if this applied to the Banque Provinciale, although the wording of the article referred ... to the other Bank, and the meaning would be clear to the reader.

Sterling

The Sterling Bank announces the following staff changes: W. A. Weir, of head office, transferred to Orangeville; T. E. Brett, manager at Craighurst, acting manager at Duntroon; I. B. Law, appointed acting manager at St. Williams; G. W. Jewell, of Kinmount, transferred to Golden Lake; G. A. Belford, of Golden Lake, transferred to Kilaloe.

MONTHLY BANK CLEARINGS

(In comparison with same month last year.)

Eastern Cities

January, 1922		Change	%
Toronto	$441,460,191	+$27,094,872	6.5
Montreal	450,128,863	—44,573,161	9.1
Hamilton	21,307,146	—5,083,096	19.2
Quebec	22,070,005	—3,845,949	14.8
Halifax	13,748,001	—3,539,951	20.4
St. John	11,516,962	—1,412,758	9.1
London	13,694,381	—2,126,243	13.4
Windsor	11,480,379	—1,204,714	9.5
Brantford	4,643,338	—1,388,855	23.2
Kitchener	4,045,337	—14,083	.3
Moncton	3,980,880	—197,357	4.7
Sherbrooke	3,437,293	—1,368,567	28.4
Peterboro'	3,065,530	—822,849	21.1
Ottawa	27,783,821	—7,514,698	21.1
Total East	$1,032,362,127	$45,997,409	4.0

Western Cities

January, 1922		Change	%
Winnipeg	$173,841,793	—$60,921,099	25.9
Vancouver	54,150,696	+597,031	1.1
Calgary	21,307,531	—12,558,591	37.8
Edmonton	18,416,519	—3,761,871	16.9
Regina	14,886,809	—3,434,395	19.2
Saskatoon	7,009,457	—1,446,170	17.1
Moose Jaw	5,107,264	—1,669,803	24.6
Ft. William	4,021,773	—246,210	5.7
Lethbridge	2,536,424	—487,551	16.1
Brandon	2,355,978	—669,154	22.1
N. Westm'ster	1,988,033	—444,715	18.2
Pr. Albert	1,463,690	—532,963	26.7
Med'ne Hat	1,455,815	—573,008	28.2
Total, West	$308,041,782	—$86,148,499	21.8
Gr. Total	$1,340,403,909	—$132,145,908	8.0
Victoria	8,906,373		

Dominion

The Dominion Bank announces the closing of their Norwood branch, St. Boniface, Man., on the 31st of January.

TREASURER WANTED

An unusual opportunity is presented for a gentleman having the experience and other qualifications to fill the position of Treasurer in a large manufacturing corporation, the plant and head office of which are in Toronto. Applications regarded as confidential. For first interview address
FINANCIAL TIMES, Box 161, 34 King St., W., Toronto.

VERSAILLES-VIDRICAIRE-BOULAIS
LIMITED
Investment Bankers
MONTREAL QUEBEC OTTAWA
Quebec Municipals and Industrials a specialty

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Limited
Bonds & Investment Securities
Canadian Headquarters:
74 Notre Dame Street West, Montreal
10 King Street East, Toronto, Ont.
McCurdy Building, Halifax, N.S.
THE NATIONAL CITY COMPANY
NATIONAL CITY BANK BUILDING
NEW YORK
71

GORDON IRONSIDE AND FARES COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a Meeting of the Holders of the Six Per Cent. First Mortgage Fifteen Year Sinking Fund Gold Bonds of Gordon Ironside and Fares Company, Limited, (hereinafter called "the Company"), secured by Trust Deed dated 12th September 1912, made between the Company and The Standard Trusts Company, of Winnipeg, as Trustee, will be held in the Board Room of the Canada Life Assurance Company, 46 King Street West, Toronto, Ontario, on Tuesday the twenty-eighth day of February, 1922, at three o'clock in the afternoon, for the purpose of consulting with the Bondholders and considering, and, if thought fit, passing Resolutions for all or any of the following purposes.

1. Approving the policy heretofore adopted and recommended for the future by the Trustee in its Report dated January 16th, 1922, issued by the Trustee, copies of which can be obtained at the office of the Trustee in Winnipeg and at the offices of the Secretary of the Bondholders' Committee hereinafter referred to at 26 East King Street, Toronto, No. 15 Canada Life Building, Montreal, and No. 6 Austin Friars, London, E.C., England, and ratifying and approving the steps which have been taken and which are proposed to be taken by the Trustee in connection with the maintenance and carrying-on of the Company's undertaking by the use for that purpose of the sinking fund in its hands.
2. Appointing E. M. Saunders, Treasurer of the Canada Life Assurance Company, Miller Lash, of the firm of Blake, Lash, Anglin & Cassels, and J. W. Mitchell, Vice-President of the Dominion Securities Corporation, Limited, as a Committee to represent and act for the Holders of the said Bonds and to advise with the Trustee, such Committee to have such constitution and powers as are set out in this notice and as to the Meeting may seem advisable.
3. Authorizing the Trustee (until instructed to the contrary by the Bondholders in accordance with the provisions of the Trust Deed), with the previous sanction of the Committee, to waive all defaults committed by the Company or which may from time to time hereafter be committed by the Company in the observance or performance of the obligations of the Company under the said Trust Deed. PROVIDED ALWAYS that no such waiver shall release the Company from its obligation to make good such defaults as and when required by the Trustee with the approval of the said Committee or when required by the Bondholders.
4. Providing that notwithstanding any of the provisions contained in the Trust Deed no Bondholder shall be entitled to take action against the Company either to enforce the payment of the whole or any part of the principal or interest due in respect of the Bonds held by him, or for the appointment of a Receiver or for foreclosure or sale or otherwise for the enforcement of the security constituted by the Trust Deed, without the approval of the said Committee; and that until otherwise determined by the said Committee or by the Bondholders the Trustee be requested to refrain from taking any steps to enforce the security constituted by the said Trust Deed.
5. Authorizing the Trustee, with the approval of the said Committee, to take such steps as it may consider necessary to give effect to any Resolutions passed at the Meeting, and for the protection of the Trustee in that connection; and authorizing the Trustee to act upon or in accordance with any Direction or Resolution of the said Committee.
6. Generally to pass any other Resolutions which the Meeting may consider desirable for the protection of the Bondholders or for giving effect to the recommendations of the Trustee or the said Committee at such Meeting.

DATED the sixteenth day of January, 1922.

THE STANDARD TRUSTS COMPANY, Trustee.
"Wm. Harvey."
Managing Director.

Holders of Bearer Bonds must produce at the Meeting either their Bonds or evidence of their ownership of such Bonds by a certificate issued by a Trust Company or Bank showing that such Bondholder had, subsequent to the date of this notice, on deposit with or exhibited to such depository the Bonds numbered and described in such certificate. Registered Bondholders and Bondholders holding certificates as aforesaid may vote by proxy. Forms of proxy may be obtained at the office of the Trustee and at the offices of the Secretary of the Bondholders' Committee above mentioned.

MONARCH LIFE Assurance Company

HEAD OFFICE—WINNIPEG
(Incorporated by Special Act of Dominion Parliament)

COMPARATIVE GROWTH

Year	Assurance in Force
1910—4th	$3,009,746
1912—6th	5,509,348
1914—8th	7,427,697
1916—10th	9,007,464
1918—12th	15,171,309
1920—14th	25,564,980
1921—15th	29,118,008

* * *

LIBERAL PROFITS
Being Paid to Participating Policyholders
Full Particulars on Request

SUMMARY OF SIXTEENTH ANNUAL REPORT
For Year Ending December 31st, 1921

	1921	Increases
ASSURANCE—in Force	$29,118,808.00	$3,553,828.00
New and Revived	7,439,491.00	
Average New Policy	2,590.00	184.00
TOTAL INCOME	902,441.35	86,989.04
ASSETS	2,411,128.96	591,674.99
RESERVE RE POLICIES	2,196,581.61	505,355.92
MORTALITY CLAIMS	68,675.41	28% of Expected
SURPLUS	177,614.14	92,514.18

(Including Paid-up Capital, $100,743.38)

INTEREST RATE, Average, 7.77%; Previous Year, 7.60%. Average Interest Experience of Life Companies: Canadian, 5.97%; American, 4.92%; British, 4.22%.

DIRECTORS AND OFFICERS

President—W. A. MATHESON,
Director and General Manager, Lake of the Woods Milling Co. Director Sterling Bank.

W. L. PARRISH,
President Parrish & Heimbecker Grain Co.

COL. H. A. MULLINS,
Director U. S. Fidelity Co., Director Royal Canadian Securities Co.

Vice-President—F. W. ADAMS,
Vice-President Adams Bros. Wholesale Saddlery.

H. W. ECHLIN,
President Echlin Mfg. Co.

R. G. IRONSIDE,
Wholesale Stock.

Secretary and Actuary,
J. A. MACFARLANE, A.I.A.

J. W. W. STEWART,
Managing Director.

C. E. GORDON,
Gordon, Ironside & Fares.

W. J. BLAKE WILSON,
Vice-President and General Manager P. Burns Co.

Treasurer—G. J. TELFER.

NEWS AND VIEWS FOR MANAGERS

ALBERTA LIKELY TO GO SLOWLY IN BANKING SCHEME

The Experience of Manitoba And Example of North Dakota

DIFFICULTIES AHEAD

Serious Problem to Finance a Government Bank Under the Prevailing Conditions

From Our Own Correspondent

WINNIPEG.—Men of sound business judgment and representative members of the Canadian banking fraternity, do not seriously at present consider the United Farmers of Alberta proposal as advanced to the Calgary convention for the provincial government to start a Bank of Alberta. The farmer delegates exressed the belief that the time was opportune to assume public control of the banks and that the proposal would receive considerable momentum because the present Alberta Government is "responsible to" the U.F.O. Hon. C. R. Mitchell, former Treasurer of Alberta is known to have taken the course that kept the former government from embarking upon a program of banking and finance similar to Manitoba's. Interviewed bankers, with extensive business exerience, maintain that the economic trend is now definitely away from this very thing—that the principle of public ownership or government control over banking, through actual practice has been found unwise and unsound.

In spite of the Calgary convention's endorsement of the Bank of Alberta proposal, it is highly improbable that Premier Greenfield and his farmer government at Edmonton will be stampeded into speculative ventures. Manitoba's experience in banking, with only the one phase (savings) has not been sufficient inspiration it is argued.

In the face of grave warning against public ownership in banking that comes across the border from North Dakota—whose practical experience brought the state to a banking empasse and financial prostration, "it would be like throwing a monkey wrench into the provincial machinery" was one comment to THE FINANCIAL POST.

In spite of the known radical views of many members of the U.F.O. it comes as a distinct surprise for the Alberta farmers to be urging the establishment of a chartered bank to be operated under provincial control. The Alberta farmers as a class have had probably greater credit consideration extended to them than any other farmers of the Dominion.

The resolution was sponsored at the convention by John Eggar of Lake Thelma, whose elementary knowledge of Canadian banking practice is manifested in his quoted remark, "the bankers are getting all wealthy without work and all they have to do is scheme." The palpable weakness of Mr. Eggar's economic equipment becomes clearer from such an absurd statement. If Mr. Eggar has practical knowledge of our national banking institutions he must be fully aware of their enormous risks at all times. He should know something too of the actual farm loan losses which the banks of Canada have written off in the ten year period. In its report of the convention the Calgary Herald says:

"A very decided stand was also taken by George Bevingston of Spruce Grove. He said he doubted very much if civilization could exist under the present banking system.

"The speaker was asked by a delegate if banks made so much money how it was that some of them failed. Mr. Bevingston replied that it was just a question of management. Some people could never live within their income, he said. He asserted amid much applause that the present time was most opportune for the establishment of a different banking system as the Alberta Government was 'responsible to' the United Farmers of Alberta.

" 'Would a bank, whose customers were farmers, have as good a chance as a bank whose customers were connected with various industries, such as mining, lumbering and fisheries as well as agriculture?' he was asked.

"Mr. Bevington replied by saying that the resolution that was before the convention stated that they had the right to do any kind of banking business subject to the direction of the Alberta legislature."

If Mr. Bevingston is equipped with a broad knowledge of world economics he must be aware that in setting up its own bank the Province of Alberta could not be a financial law unto itself. North Dakota learned this bitter truth at substantial cost to the state and to the people of the state. All would not be profit for the Bank of Alberta. Unable to pursue an unprejudiced business-like course—as are the chartered banks—its operations, unquestionably, would be more prove to losses.

But more vital than all else is the question of securing capital to promote a new bank. The cheers of the U.F.A. convention will not erect banking machinery to function for the distressed farmers. Something more concrete is necessary. And Canadian bankers, with their fingers upon the pulse of international money markets, which after all must dominate the situation are positive in their expressed belief that neither Alberta nor any province of the Dominion can finance a banking venture of its own at the present time.

MANY BRANCHES MEAN EXPENSIVE BANKING

Port Arthur Paper Recognizes That Service Rendered is at Cost

That there may be a danger for the banks in opening too many branches —in endeavoring to give too much service to the public—is not only recognized by the bank executives and by financiers, but is also being appreciated by some of the more thoughtful newspapers. The following is from the Port Arthur News-Chronicle:

Development of the banking business along lines that have been followed in recent years is not without its dangers. Of course it is nice and pleasant to have lots of banks in a community, but a multiplicity of banks has its drawbacks. Take this city as an example of the application of modern banking methods. The population is somewhat over 15,000 and there are, comparatively speaking, few outside villages and settlements from which business may be drawn. The city's industries are not numerous, as compared with an Eastern town having similiar population. The local business community is not as large as towns of equal size in the East. In former times three banks in such a place would have served every purpose, and afforded all possible accommodation. Instead of three we find seven banks, all doing more or less business. It is not possible that all these banks can be doing a general banking business and be making a profit. If they are not then the only possible reason for their being here is to act as depositories for funds, which are shipped away to the main offices and therefrom distributed to the lending branches.

WHEN FARM AND CITY CAN GET TOGETHER

London Chamber of Commerce Taking Aggressive Steps in This Direction

From Our Own Correspondent

LONDON.—In the organization here of an Agricultural section of the London Chamber of Commerce, to cooperate in the solution of various county and city problems, and make for a better understanding between rural and city people, local business men believe a long step forward has been made. The discussion at the organization meeting indicated that the farmers are more than anxious to do their share and are willing to co-operate in any way they can.

Several delegates referred to the matter of hydro rates believing that there is too great a spread in them in a short distance, with the advantage decidedly in favor of the larger centers. A committee will be named to go into this matter. This is one of the big questions at the present time in many rural districts and is a very live issue in many sections where power is wanted.

That the farmers are willing to consider the city man's problem, also was evidenced by the discussion over milk prices. One delegate declared that on the basis of $1.80 per 100 lbs. for milk, the price being paid by factories, which figures out to 4 and one half cents a quart. there is an outrageous spread to the city consumer who has to pay ten cents. A committee will also be named to look into this matter and make suggestions for rectifying it.

GREAT WEST BANK

Renewed Effort Being Made to Sell Stock

Efforts to float the stock of the Great West Bank are being continued. The General Bond Corporation of Winnipeg is the promoting organization and it is now hoped that the issue will be taken up by the 1st of July. If this is the case the shareholders will be called together to perform their duties according to the provisions of the Banking Act. In the meantime the Canada Trust Company is the custodian of all money paid on account of the stock.

It will be remembered that early efforts to float this project fell through because of some rather unfortunate developments. The idea now seems to depart from the idea of a purely western institution to make it a national one. Conditions, however can hardly be considered favorable for the sale of stock in a new bank in view of the commercial and industrial situation. No doubt this institution if organized could make loans in Western Canada, but whether such loans would be profitable is another matter.

STRENGTHENING CREDIT THROUGH LIFE INSURANCE

Business Depression Only Makes Need for Insurance Protection the Greater

PERSONAL ELEMENT

Close Confidential Relations Should be Maintained Between the Business Man and His Banker

The special importance of life insurance in a period of depression as a means of giving the business man's family protection during the period when he was repairing the damage done by the crisis to his estate, and as a matter of unusual importance in maintaining the credit standing of such a man with his bank was one of the points stressed by Dr. B. M. Anderson, economist of the Chase National Bank, in a recent address. He emphasized, too the great growth which has come during the crisis of confidential relations between business men and their banks, and the importance of even greater frankness by the business man in revealing all aspects of his business to his banker. Bank managers should find these arguments of interest and value.—J.W.T.

We have been through a great crisis. This crisis has left the general credit fabric intact, but there are few active business men who have not been in some measure hurt by it, and there are very many able business men, temporarily handicapped, whose business affairs will be straightened out and who will regain lost ground readily enough if they live. If these men should die to-day, however, their executors might easily have difficulty in liquidating their affairs in such a way as to realize adequately upon them, and the heirs would undoubtedly be in much worse position than would have been anticipated two or three years ago. Emergency insurance, therefore, to tide over the risk of death during the period of recuperation, has unusual significance.

Enhance Standing

"From the standpoint of the creditor, including the banker, the standing of such a man may easily be very greatly enhanced by additional insurance. The bank may have perfect confidence in him and may have perfect confidence in the future of his business if he lives, even though the net worth has been reduced and even though the ratio of current assets to current liabilities has been reduced, but the bank may well lack confidence in the future of the business if its guiding spirit should die.

"Of course, I do not mean by this that the taking out of a life insurance policy will restore the credit of a bankrupt or that it will necessarly give new credit to anybody. But I do mean that credit men will be disposed at the present time to attach an even greater importance to life insurance than is ordinarily the case.

"We are getting back increasingly to a recognition of the basic importance of the personal element in credit and to the basic importance of confidential and frank relations between banks and their borrowing customers. There are, of course, many impersonal loans based on collateral of undoubted goodness, adequately margined. This is particularly true of call loans made on the stock exchange. Even there the personal element enters in a measure. But the great bulk of the loans made by banks are loans made under lines of credit to their own depositors. Lines of credit are based upon information regarding the depositor and his business. There has been an extraordinary growth, under the influence of the newer generation of credit men, of the practice of basing credits upon financial statements. Business men submit their 'figures' to their banker or note broker. They submit income accounts showing operations through a period of time which serve to explain the changes in their periodical statements of capital accounts.

"Statistical credit information is indispensable. It has an exactness which general statements cannot have. "With the growth, however, of the practice of basing credits upon these rather definite figures, there has undoubtedly come, especially in the larger cities, some loss of the older, more personal basis of credit making.

"The closest possible confidential relations are important from various angles. In the first place, it is the banker's right to have them. To a degree that few business men realize, the banker is a true partner in a business. It frequently happens that at some time during the year the bank is contributing as much capital to the business as the stockholders are. The banker, responsible to his depositors for the proper use of their funds, has thus a right to know all the relevant facts affecting the business of the borrower. He has a partner's right.

"In the second place, however, the pooling of ideas and information of the banker and the business man brings about a result which neither of them could accomplish alone.

Fundamental Business Asset

"In the third place, the systematic practice on the part of a business man, continued through years, of telling his banker always the whole truth about his business builds for him in the banker's mind a confidence which may easily be one of his greatest assets in time of trouble There have been many cases in the past year and a half when business men, temporarily embarrassed, with their 'current ratios' low, have met ready sympathy and full protection from their bankers because the banker was satisfied that the whole story was before him. Accepting the statement of the case as made by the customer as constituting a full and true statement, the banker could see that the business would work out if only time and protection were given. He had no hesitancy in extending the necessary protection. There have undoubtedly been other cases whereupon the same prima facie set of facts the banker hesitated to extend the desired protection because he could not be sure on the basis of his past experience with the would-be borrower that the whole story had been told.

"Among the most fundamental assets of business to-day are character, and business knowledge, and good will. In the present situation many business men must recognize that with net worth depleted, their character, and business knowledge, and good will must constitute a relatively more important element in their credit than in the past. Realizing upon this asset, however, means that they must make their relations with their creditor more intimate, more confidential, and more absolutely candid than before."

MEXICO'S PAPER MONEY

Country Flooded With Irredeemable Currency—None Since 1915

Adventures of Mexican governments with paper money form an interesting chapter in currency history, says the Wall Street Journal. From the time, nearly 100 years ago, when Iturbide experimented with paper money, none was issued until April 26, 1913. Between this date and Nofember 19, 1914, Constitutionalist Army issued paper or nominal value of $671,954,221, including Vera Cruz issue of $599,329,221. To this amount should be added $30,000,000 printed by military commanders in distant parts of country. Enemies of Constitutionalist Army also issued notes, and the country was flooded with paper of many varieties, including that of banks and a large volume of counterfeits.

All this currency depreciated to zero, and famous infalsificables were issued in 1915. Government guaranteed these notes at rate of 20 centavos gold, per peso, but necessary gold reserves were lacking and in Nov., 1916, infalsificables were worthless. Total issue of these notes was some $540,000,000 (not all in circulation,) but bulk has been retired, and only some $15,000,000 remain to be disposed of. Method adopted by government to get rid of them was a decree that all duties paid the government shou.d be accompanied by like amount of infalsificables at par value.

Since infalsificables there has been no paper issue. At end of 1920, there was an abundance of silver coins in circulation. Latest report estimates gold stock in republic at from 98,000,000 to 100,000,000. pesos, of which 45,000,000 are in banks, 25,000,000 hoarded and 30,000 out in circulation.

Commerce

H. J. White, formerly manager of the Grimsby branch of the Canadian Bank of Commerce, has been appointed manager of the branch at Ingersoll to succeed W. C. Johnston, who has been transferred to Toronto.

1921 Rewarded—

The Huron & Erie Mortgage Corporation

and

The Canada Trust Company

The "Old Huron & Erie" chartered in 1864—does not own, nor does it hold, either directly or indirectly, any buildings or lands whatsoever, other than those purchased for branch office purposes.

The Canada Trust Company, managed in connection with the Huron & Erie likewise shows a clean investment sheet—free from bad debts of any character.

The Directors of both institutions are pleased to announce that during December the books, accounts and securities owned by the Huron & Erie and by the Canada Trust Company were examined by a government inspector.

Frequent and exhaustive verifications were also made during 1921 by the Auditors of both Companies.

The Banner Year!

Huron & Erie — Net Profits

1920	1921
$549,600	$561,123

Increase $150,000

Canada Trust — Net Profits

1920	1921
$164,395	$169,544

Increase $5,149

Huron & Erie — Reserve Fund

1920	1921
$1,150,000	$1,300,000

Increase $150,000

Canada Trust — Reserve Fund

1920	1921
$650,000	$700,000

Increase $50,000

Huron & Erie — Savings Deposits

1920	1921
$5,543,487	$5,900,163

Increase $356,676

Huron & Erie — Canadian Debentures

1920	1921
$7,721,586	$8,334,894

Increase $613,308

The Huron & Erie Mortgage Corporation
"Older than the Dominion of Canada"

THE CANADA TRUST COMPANY
"The Executor for your Estate."

Combined Assets now exceed thirty-four million dollars

Complete Financial Statements gladly mailed upon request.

Head Offices: London, Canada

Branches: London (4), Toronto, Winnipeg, Regina, Edmonton, St. Thomas, Chatham, Windsor.

Hume Cronyn, General Manager — **T. G. Meredith, K. C.**, President

THE FINANCIAL POST

Members of the Audit Bureau of Circulation

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Vice-President	HORACE T. HUNTER
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Editor	J. W. TYSON

A weekly newspaper, presenting in a popular manner reliable information respecting investments and financial affairs in Canada.

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TORONTO, FEBRUARY 3, 1922.

WHY TORONTO IS UNPOPULAR

THERE is a pot-and-kettle controversy on between the Toronto Telegram and the Toronto Star as to which is responsible for the fact that the city is so unpopular throughout Ontario—and the rest of Canada for that matter. The public will be quite willing to give them both a great deal of credit but perhaps no one incident has been a more potent influence than the action of the owner of the Star when he inspired the four big Toronto dailies to take such an offensive attitude in the Canadian Press Association as to arouse the disgust of the press of the entire country and practically wreck that organization.

The unfavorable sentiment against Toronto and the press-led agitation in the city against business and business men has cost Toronto the factories of several big American corporations which refused to locate in such an atmosphere.

The late Senator Jaffray had secured the Steel Company of Canada for Toronto but the attitude of the Telegram was such as to drive the company to Hamilton.

When the Toronto newspapers learn to put a proper value on the things that count and stop catering to the shallow-minded mob, the chief cause of the city's present unpopularity will have been overcome.

WHEN THE PEOPLE UNDERSTAND

AS THE people come to appreciate that real executive ability—ability to do things and get things done—is required in the solution of the big problems which must be solved if the country is to discharge its war obligations and maintain the population in prosperity, men of real ability are being appreciated, while the talkers are being rated at their true value.

At a meeting of Toronto business men at the Board of Trade recently, the names of Sir Joseph Flavelle, Mackenzie and Mann and E. R. Wood were greeted with applause while mention of Sir Adam Beck aroused no enthusiasm. R. Home Smith touched a respondent chord when he said that the quartette first mentioned would have been recognized as big business men in Montreal with nothing but praise for their accomplishments, while in Toronto they had been constantly suspected of helping themselves at the public expense.

In the United States, experience with public ownership experiments in transportation, shipbuilding, hydro development, etc., had worked its own cure for this dangerous fad. To-day the proposal is being considered to turn the great Government owned hydro development at Muscle Shoals over to Henry Ford. It would have been a good thing if Ontario had never taken the Niagara development out of the hands of the pioneers of the Mackenzie type who, in investing money for which they were directly responsible to investors, provided electricity at a cost which will evidently represent only a fraction of the Chippawa project.

C.M.A. TAKES ON TOO MANY FIGHTS

THE Hamilton Herald takes issue with the Canadian Manufacturers' Association in its criticism of the Ontario Government for appointing Mr. Halford, a Trade Unionist barber, to replace the late A. W. Wright as the third member of the Workmen's Compensation Board. The Herald points out that Mr. Wright, who in his early days was a manufacturer, became active in later years in the Labor movement. The Herald thinks the C.M.A. resolution a queer one because while charging that the appointment of Mr. Halford is a case of class representation, and objectionable for that reason, it demands that the bad principle of class representation be again observed not merely by the appointment to the Board of a member of the employing class but also by granting to the Manufacturers' Association the exclusive right to nominate the man to be appointed. The Herald very properly points out that it is a privilege which other classes of employers might resent. Are the manufacturers quite sure that the employing builders and the employing merchants or the Employers' Association would be content to have the C.M.A. nominate the representative employer on the Compensation Board?

Mr. Shaw, of the Manufacturers' Association, who represented employers in the consideration of the original bill and the amendment, deserves many grateful thanks from all employers for the fight he made to prevent injustices that were undoubtedly creeping in as the result of representations of the Toronto-Hamilton Soviet element.

But a bigger question than this is whether the Manufacturers' Association should constitute itself as the mouthpiece of employers of Canada. We have frequently pointed out that one of the weaknesses of the Manufacturers' Association is its readiness to assume responsibility, to take up fights, to adopt policies that do not directly belong to its activities. Workmen's Compensation is one of them. This puts manufacturers as a class opposing labor, farmers, merchants and other interests, including the Methodist Church. Fighting labor unions is another which has caused much ill-feeling and cost the Association a great many thousands of dollars in law costs. If the C.M.A. were the only employer of labor in the country then compensation and labor problems would quite naturally belong to its duties. These two questions should be handled by a national employers' association or by a central board representing manufacturers, builders, merchants, railways and other employers of labor.

MANNING DOHERTY SHORT ON COMMON SENSE

THE ARRIVAL of a box of New Zealand butter in Toronto by express is reported by the Farmers Sun —and there is a car of the same product on the way.

Thousands of boxes of Okanagan apples were sold in Ontario towns and cities this winter at fancy prices.

In the production of butter and in the growing of apples Ontario need not take a back seat to any other province or any other country. Ontario's dairies and Ontario's orchards should not only be producing sufficient to meet the needs of the people of the province but their products should be going to the markets of the world in large quantities.

If Ontario dairymen and Ontario apple growers cannot successfully compete in the home market how can they expect to hold their own in foreign markets? Something is radically wrong when Ontario people are buying British Columbia apples and New Zealand butter. Something is seriously lacking in marketing facilities.

And yet we find the Ontario Minister of Agriculture, Hon. Manning Doherty, who might be doing a great service for the farming community by organizing the butter makers and the fruit growers to increase production and find profitable markets, playing politics by launching the Government into a banking scheme, which can only be made to appear as successful by ignoring sound financial practice. There is to-day no shortage of money for the production of any agricultural or industrial product which can be marketed on a profitabe basis. Let Mr. Doherty find markets; let him organize the butter makers and the apple growers—and there will be no shortage of money to finance production.

NO HOPE FOR UNITED STATES TRADE TREATIES

ONE THING American politicians and certain groups of business men most fear is the development of preferential trade between Canada and the Mother Country and other British nations. This was, as President Taft pointed out in a confidential letter to Mr. Roosevelt in 1911, the prime object of the Reciprocity Treaty made with Canada. It was the basis of his confidential talk with leading newspapers and writers in asking them to support his policy. He said that Canada was at the parting of the ways, that unless they got in at that time the wedge of closer relations with the United States, Canada would be drawn into preferential trade relations with other British possessions. He wanted to make us an adjunct of the United States and not a part of the British Empire.

Mr. Hunter, presiding over a luncheon given by Canadian business newspaper editors to the visiting Scottish Woolen Manufacturers, gave another sidelight on this. He showed that it was the strenuous efforts of the brilliant American Ambassador Choate that killed a 50-cent bushel British preference on Canadian wheat which had been arranged between Chamberlain and Laurier.

There is now no hope for any trade treaties with the United States that would help our agricultural interests Their own farmers, now in control at Washington, are definitely opposed and the exposure of Mr. Taft's trickery would prevent any self-respecting Canadian official ever again journeying to Washington to make a trade treaty. Canada's future is within the Empire. The feeling is growing that our general tariff should be increased and preferences mutually arranged within the Empire, with France and such other foreign countries as will buy our products.

WHAT'S IN A NAME?

THE USE of the Made-in-Canada label can be made a fine thing for Canadian industry. The abuse of the Made-in-Canada label is a handicap to Canadian manufacturers generally. The pity of it is that the C.M.A. is on record as officially supporting the abuse. It uses its official organ to abuse those members who want Made-in-Canada to stand for quality.

At the luncheon tendered the Scottish Woollen Trade Mark Association by the Canadian National Newspapers and Periodicals Association last week Sir James Woods lauded the high moral policy of the Scottish manufacturers who, knowing that they had a product which ranked with the best in the world, were striving not only to have their standard recognized by the public but to prevent the makers themselves from lowering their colors as regards quality in the keen fight for business. On the other hand, Sir James explained, that in this country the manufacturers have adopted the Made-in-Canada label but it had been abused by many who use it and is no real indication of worth or quality.

That the Made-in-Canada label should mean a high standard of manufacture has been consistently advocated by THE FINANCIAL POST. The manufacturers have no right to ask the home consumer to use an inferior article simply because it is made in Canada—and there is no use in asking the foreign consumer to buy something made in Canada if it is not better value for the money than can be had elsewhere.

The Made-in-Canada campaign has been backed by the Canadian Manufacturers' Association. Had the same effort been made to restrict the use of the label to goods of high standard as was made to have it used promiscuously on anything and everything, something worth while for the permanent good of Canadian industry might have been accomplished.

EDITORIAL NOTES

SIR ADAM BECK is quoted by the London Advertiser as recently declaring publicly: "I want to say to the trunk and steam line magnates that you won't be in it when we have our trucks going over our good roads collecting our exports and taking them to such points as Port Stanley to be loaded on ocean-going vessels." What about radials, Sir Adam?

* * *

THE PATRONIZING attitude of the Premier towards the defeated Conservative leader indicated in his Newmarket speech when he said that the Liberals did not oppose Mr. Meighen because they wanted a typical Tory in the House to emphasize the contrast between Liberalism and Toryism, was undoubtedly a factor in the latter's big by-election majority. Mr. King should not forget that Tory votes helped him to the premiership.

Warning Against Experiments In Constitutional Legislation

Dr. J. Murray Clark, K.C., Emphasises That There Are Inexorable Forces in Law Which Render Tinkering by the Inexperienced a Public Menace

AGITATIONS for the abolition of the Senate and the privilege of appeal to the Judicial Committee of the Privy Council are evidences of that tendency to legislatively interfere with the present constitution and the principles of Common Law against which a strong warning has been given by Dr. J. Murray Clark, K.C., president of the Royal Canadian Institute, in the course of a paper entitled "The Relations Between the British Dominions of Virginia and the Dominion of Canada," appearing in the Virginia Law Register. He describes how the Common Law of England was brought from Virginia and from Virginia to Nova Scotia.

A warning, which might well be heeded during the present unsettled period when radical experiments of all kinds are readily sponsored, is given against legislative tinkering with laws which represent inexorable forces. Dr. Clark emphasizes that legislation which does not recognize these fundamental laws will be futile, if not, in fact, a menace. Legislation to reduce interest rates, for example, has invariably had the effect of eventually raising rather than lowering such rates, while Bryce has pointed out that efforts in the United States to extend the principle of democracy by having judges elected by vote, have actually resulted in placing more power in the hands of the political bosses.

These legislative experiments Dr. Clark likens to a surgical operation performed by someone without training in surgery—usually with fatal consequences. His arguments are forceful and logical and might well be considered by those representatives of the people upon whom there may be pressure to adopt legislative experiments which seem to suit the requirements of the moment, without considering, in the sight of past experiences, their consequences.

It is to be remembered that the consequences of legislation are determined by natural laws whose operation is as inexorable as the laws of chemistry or physics. It is by reason of this fortunate fact that legislation is so often futile. It is well known, for instance, that all laws to lower the rate of interest have invariably and inevitably resulted in an increase in the rate of interest. Bryce gives another striking instance when he points out that the provisions for the election of judges and officials in the United States were enacted professedly to give effect to the sovereignty of the people, but had the opposite effect—namely, to increase the power of the "bosses" who largely control the elections for their own selfish ends. We talk somewhat inaccurately about a "body politic" but, without pressing the analogy too far, we may correctly say that a statute is as important for the community as a surgical operation upon the person of a citizen. If such an operation is performed by a person without an accurate knowledge of anatomy the results are likely to be disastrous. It is quite as absurd to expect legislators to pass wise laws without any adequate knowledge of social science, or even of the principles of legislation, as it would be to expect a blacksmith, because he is honest and popular to operate successfully for appendicitis; and the fact that the operator may profess the most humanitarian motives, and may be an effective "vote-getter" will not alter the result. Nor will good intentions prevent an ill-considered Statute passed without regard to the fundamental facts of human nature and in violation of the inalienable human right to liberty—doing mischief; the history of legislation contains striking illustrations of the shrewd French saying "that the lower regions are paved with good intentions."

In his great book on Modern Democracies. Lord Bryce justly observes that, "The two safeguards on which democracy must rely are law and opinion."

On this head I desire to quote the warning of that great pro-Virginian English statesman, the immortal Irishman, Edmund Burke, which cannot be too often reiterated or too strongly emphasized. He said:

"Liberty to be enjoyed must be limited by law; for where law ends there tyranny begins; and the tyranny is the same, be it the tyranny of a monarch or of a multitude; nay, the tyranny of the multitude may be the greater, since it is multiplied tyranny."

Opinion, to be of any value as a safeguard of democracy, must be the result of clear thinking about accurate information—making democracy safe for the world.

In the early days of Virginia a form of socialism now advocated in Canada, England, the United States, and elsewhere, was tried, resulting in starvation, in the "starving years," referred to in local histories. It seems to me important that full information about the Virginia experiment of socialism should be made public, or at any rate available for every student. Much information is already available, but I shall only take time to read a few lines from an interesting report by Ralph Hamor and John Rolph, made at the time. They are competent witnesses, and say, "When our people were fed out of the common store, and laboured jointly together, glad was he who could slip from his labour or slumber over his task he cared not how, nay, the most honest among them would hardly take so much true paines in a weeke as now for themselves they will doe in a day; neither cared they for the increase, presuming that howsoever the harvest prospered the general store must maintain them so that wee reaped not so much Corne from the labours of thirtie as three or foure doe provide for themselves."

Some scholars contend that in The Tempest, one of the greatest of his plays, Shakespeare discusses the Virginia Experiment of Socialism. Whether this is so or not, Gonzalo, in The Tempest, is made to state the essential basis of socialism and communism in the words:

"........, for no kind of profit
Would I admit."

This reference to the elimination of profit indicates the vital importance of a complete scientific investigation of the Virginia Experiment of Socialism, because profit is an absolutely essential attribute of property; and if you eliminate profit you destroy property, that is, the institution of private property. Now the prohibition "Thou shalt not steal" involves the existence of property; consequently, if you eliminate profit and abolish property you abrogate the Eighth Commandment. It is remembered that the moral law is one and indivisible, it will be seen that by eliminating profit you necessarily abrogate the whole moral law. Similarly, reason demonstrates that socialism is an enemy of marriage and the family. The spread of false socialistic doctrine is undoubtedly the cause of the sinister development referred to by an English judge when he said, in 1920, that "marriage with many people appeared to be nothing but a necessary preliminary step to being divorced." Sociologists have pointed out how frequent divorce is among savages. The importance of this is indicated by the pregnant observation of F. H. Giddings,

"There is no cure for degeneration but in pure and sane family life, which disciplines the welcome and untainted child in the robust virtue of self-control, and in an unswerving allegiance to duty."

When the system now advocated was discussed by Greeks more than two thousand years ago, Aristophanes (as translated by Rogers), pointed out the logical consequence in the lines:

"All women and men will be common and free
No marriage or other restraint will there be."

It is equally plain that if you eliminate profit, and destroy the institution of private property, you destroy liberty and all true freedom, for no man is really free who is denied the right lawfully to acquire, hold, and enjoy private property.

Indeed, the French Socialists were at least logical when they advocated that God should be eliminated, and that the idea of the hypothesis of God should be "expelled from human brains." Karl Marx said that "The idea of God is the keystone of a perverted civilization. It must be destroyed." Unfortunately Karl Marx has many followers even in Canada, England, and the United States. His system was put to the test by Lenin and Trotzky in Russia. According to the laws of Human Nature as described by the master mind of Shakespeare in Troilus and Cressida, the system was destined to produce the "universal wolf," which, if not destroyed, will destroy Russia. Already millions have perished from starvation, caused by socialism, or perhaps one should say communism, put into practice. This was among the Slavs, whom many regard as one of the lesser breeds without the law though at large meeting in one of our Canadian cities during the present month, an orator was loudly applauded when he appealed to his fellow communists "to unite now and fight until Sovietism was firmly established in Canada as it was in Russia." It is therefore important to remember that communism was tried by Englishmen in Virginia and recently by Austrialians and Englishmen in New Australia and in these as in all other cases, communism resulted in starvation.

In Canada, and even more in England and the United States, where industry is much more complicated, and population denser than it was in the early days of Virginia, the starvation would be much more appalling—much more terrible than even in Russia.

Though the Virginia Loyalists came to Canada more than a century and a half after the "starving years," they probably had a vivid knowledge that communism and starvation stood in the relation of cause and effect, and this common knowledge that few if any of them—or for that part of their descendants—have been led astray by the fallacies which since the days of Plato have been periodically advocated.

A Greek Scholar recently proved that most of the fallacies now being advocated, and causing extensive mischief in Canada, England, and the United States, had been put into the mouths of demagogues by Aristophanes. The demagogues and sophists caused the destruction of the Athenian Commonwealth, but their fallacies will, in both the British Empire and the United States, be defeated by the enlightenment of public opinion. In this illumination, "the gladsome light of Jurisprudence" will be a potent factor. When concluding his lectures to the Law Schools of the United States, Sir Frederick Pollock, her most learned Knight, nobly said:

"Remember that our Lady the Common Law is not a taskmistress, but a bountiful sovereign whose service is freedom. The destinies of the English-speaking world are bound up with her fortunes and her migrations, and its conquests are justified by her works."

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Tenders for Debentures

Rural Municipality of Morton, Boissevain, Man.

Tenders will be received by the undersigned for the purchase of fifty-eight thousand three hundred dollars ($58,300.00) authorized debentures under the "Good Roads Act."

The debentures bear interest at the rate of six (6) per cent. per annum and are payable on the first day of February in each year, during a period of thirty years, in equal annual amounts made up of the aggregate sum due each year on account of principal and interest, viz., four thousand two hundred and thirty-five dollars and forty-three cents ($4,235.43).

Tenders must be marked "Tenders for Debentures" and received by the undersigned not later than noon on Tuesday, February 28th, 1922, A.D.

G. C. SMITH,
Secretary-Treasurer,
Municipality of Morton,
Boissevain, Man.

TENDERS FOR DEBENTURES

Sealed tenders will be received by the undersigned up to 12 o'clock noon, Wednesday, the 15th February, 1922, for $100,000 6%, 20-year instalment plan, debentures of United Counties of Prescott and Russell. Debentures to be dated 27th January, 1922, and to be issued in denominations to suit the purchaser.

Principal and interest payable at L'Orignal.

JOSEPH BELANGER and
E. PROULX,
L'Orignal, Ont.

BANK OF MONTREAL

NOTICE is hereby given that a DIVIDEND of THREE per cent., upon the paid-up Capital Stock of this Institution, has been declared for the current quarter, payable on and after Wednesday, the FIRST day of MARCH next, to shareholders of record 31st of January, 1922.

By order of the Board,
FREDERICK WILLIAMS-TAYLOR,
General Manager.
Montreal, 20th January, 1922.

The Canadian Bank of Commerce

Dividend No. 140

Notice is hereby given that a dividend of three per cent. upon the capital stock of this Bank, being at the rate of twelve per cent. per annum, has been declared for the quarter ending 28th February next, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March, 1922, to shareholders of record at the close of business on the 13th day of February, 1922.

By order of the Board,
JOHN AIRD,
General Manager.
Toronto, 20th January, 1922.

The Royal Bank of Canada

DIVIDEND No. 138

NOTICE is hereby given that a dividend of three per cent. (being at the rate of twelve per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday the first day of March next, to shareholders of record at the close of business on the 15th day of February.

By order of the Board.
C. E. NEILL,
General Manager.
Montreal, Que., January 17, 1922.

FOGBOUND

Los Angeles Times

Lord Northcliffe, whose recent voyage to America was delayed by fog, told a fog story at a dinner in New York.

"Of course," he began, "you've heard the fog story about the fog which was so thick that the boys sat on the fences and heaved fog balls at the passers-by? I gave a prize of a guinea for that story when I started Answers, my penny weekly, in my youth.

"But another fog story that won an Answers prize of three guineas was about a London merchant who received one foggy morning a telephone message from his clerk.

" 'I'm sorry, sir,' the clerk said, 'but I can't come down to the office this morning on account of the fog. I have not yet arrived home yesterday.' "

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INVESTORS' INQUIRIES

Information under this head is given in answer to direct requests from investors who are readers of THE FINANCIAL POST. Only questions respecting securities are answered by mail direct. We would remind correspondents that it is now necessary to enclose 3 cents in postage stamps to cover postage on answers direct.

FORD MOTOR

J. M., Victoria.—I have a few shares of Ford Motor of Canada stock, purchased at $2.60 American funds, and would be pleased to have your opinion relative to this stock as an investment.

The stock of the Ford Co. of Canada is well protected with assets, the company being in a strong position. The automobile industry has passed through a rather difficult time, but the Ford Co. because of the fact that it manufactures cheap cars only, and by means of a series of price cuts has been able to maintain its business at substantial volume. The stock can hardly be classed as an investment, despite the attractive nature of the company's dividend record. It is an industrial, and is therefore open to business fluctuations in response to outward influences. For the business man, however, the stock possesses attractions.

PARKER MOTOR

L. Fortune, Nfld.—What is your opinion of Parker Motor Car Company of Montreal as an investment?

Like all new industries the Parker Motor Car Company of Montreal must be considered as a speculative purchase, as distinct from a security of a company that has passed successfully through a period of both good and bad times, which tests it thoroughly. In its favor the company would appear to have designed an excellent type of car, and it is conserving its resources by purchasing the parts rather than equipping plants for this out of capital. We understand that some 3,000 cars have been sold to dealers and the company expects to start deliveries in two or three months. It will be impossible for us to tell what real success it will have for several years, so that in investing you would naturally be taking the chance that lies in all new industries, and for that matter in a great many of the older established ones. There is no dividend being paid on the common stock.

MONTREAL TRAMWAYS

E., Outremont, Que.—Please give me an analysis of Tramways & Power stock, and your appreciation as to whether it is better to hold or to sell on the next rally.

It is impossible for us to give you an analysis of this company's financial position as no annual statement is issued as to its earnings, assets, liabilities, etc. It is as you probably know, only holding company, controlling the Montreal Tramways Company, Montreal Public Service Corporation and Canadian Light & Power Company. It is unfortunate that those in charge of these companies—with the exception of Montreal Tramways Company, whose financial statement must be issued every year—have never taken the public, or even their shareholders into their confidence, as is done with most corporations whose stock is held by outside interests to a considerable extent. At the present time a big deal is under way by which the Carillon power is to be developed in a large way, mostly by United States capital, and it seems likely that this move will improve the prospects of all the companies associated with it, including "Tram and Power." On this account we think you would be well advised to hold your stock for some little time to come, even although there may be fluctuations in the quotations from speculative movements now and then.

GREAT WEST BANK

A. B., Montreal.—Does the Great West Bank sell capital stock or shares now? What price, and what is the outlook?

Capital stock of the Great West Bank is being sold at $100 per share with a premium of 25% for reserve. Efforts are now being made to complete the flotation of the issue. It is hoped that success in this direction will be obtained by the 1st of July after which the shareholders will be called together to perform their duties according to the provisions of the Bank Act.

The first effort to float the project met with rather unfortunate results. Whether the effort now being made will be more successful remains to be seen. However, should the project not go through, investors are protected because the provisional directorate is responsible for these funds and the Canada Trust Company is custodian of all money paid in on account of stock. The original idea was to make the bank a purely Western one but it has been emphasised that this would be very difficult in view of the fact that a successful bank must be able to employ its funds at all times and also that it would be difficult to get the necessary deposits in Western Canada alone. The idea now seems to be to make it a national proposition. Whether this can be successfully carried out is a matter for some doubt under the conditions now prevailing.

The arrangement calls for $125 for $100 of stock and the stock under the Bank Act would involve double liability in the event of the bank failing. These are points which should be taken into consideration in making an investment. On the other hand you have the record of the successful banks with their substantial dividends. These banks, however, have in most cases been built up by years of development and the conserving of large reserves. A new bank in the field would have to face keen competition at a time when banking business is not regarded as very profitable owing to restricted industrial and commercial operations. A Western bank would no doubt have little trouble in successfully placing loans at certain seasons but whether this could be done with a profitable margin above the cost of the money is a question which only experience could solve.

RSC INVESTMENT-SERVICE

"Investment Items"

for January contains an up-to-date review of trade conditions—the Bond market—the Washington conference—the Canadian political situation—and describes a number of sound and attractive securities meeting every investment requirement.

We will gladly forward a copy to business men and investors who write for it.

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Glints of Sunlight Through The Clouds of Hard Times

Situation Must Be Faced With Courage—Both Farmers And Financiers Have To Deal With The Real Facts Of Deflation—Saving The Situation in Western Canada

By AGNES C. LAUT

(Continued from last week.)

Next, settlers brought to Canada to-day will not begin loaded with inflation. They will start at least foot-free, if penniless; and I know many Western farmers, who would give their right-arm, to start foot-free of debt, even if penniless. I know not a few financiers ditto. They have $200,000 houses, which they can't afford to keep, which they have offered for $60,000 and which they can't sel for $20.000. And the real estate agents loaded with taxable city lots, which they have mortgaged to the limit and can't sell, are in the same case.

Farmers and Financiers

The new settlers would start foot-free. And they would never again be permitted to locate on droughted lands, on sand instead of soil, of burnt clay instead of loam.

But on good lands, could they keep themselves in shelter, in food, in clothing, till foreign markets again yield a paying profit price?

Take the Soldier Settlement as an example.

Take the case of the Soldier Settlement, in an area, of which the Board, itself, had not a vestige of hope of success. I am not going to name the area, or I should be accused of slamming that area. The soldiers had gone in and settled the area before there was a Soldier Settlement Board. They had bought and homesteaded and "scrip'd" good land at very low costs, but too large areas for one man to farm without loading himself with equipment debt; and the area was neither bush nor timber. It was non-sellable brush of small poplars, too small for logs for houses but too big for tractor clearing; and to clear by hand meant a life time to get an area big enough for grain or stock; and worst of all, it was seventy to ninety miles from railroad or market.

I never saw as hopeless a proposition in my life as when I visited that area in 1920. I had asked to be taken to it because it was the very worst thing in the way of colonization I could find in Canada. I recall motoring ninety miles one day without a meal from 7 a.m. to 11 p.m., because it was so apparent even if we took only one soda cracker and tea, the settler would be without that soda cracker and tea: The supervisor frankly acknowledged to me the only thing to do was to let this Soldier Settlement find out its mistake and then move to a better area such members as wanted to stick to land.

I have just met the inspector just back from a visit to every Soldier Settler of that area.

"Well, how is it?" I asked. "Did the poor beggars starve last winter? Or did the Patriotic Association feed and clothe them?"

Soldiers Making Good

He burst out laughing. "It is the funniest thing I have ever seen," he answered. "As you know we were all scared stiff over that Settlement. You know how it was last winter. Soldiers crying starvation in our cities both in the United States and Canada; and those boys seventy to ninety miles away from the back of beyond, beyond human help!"

"Well?" I asked.

"Not one single failure in the bunch on his payments! That Settlement makes me an incurable optimist for all time on Canada, no matter how dark the outlook! While the men in town were starving and talking Revolution, when four hundred of the New York men alone suicided from starvation and ten thousand didn't know where to look for their next meal, or a warm bed for the night, those families in a 40 below climate, marooned ninety miles from a town or market—came through without a single fall-down. It's a corker. It shows what a worker can do, when he gets off on the right foot, on good land, without debts to hobble his feet. Those boys got out and built roads for both provinces."—the Settlement is on the border line of two provinces—"in the fall. That bought the grub for the winter. They did the same in spring. Then they hired their teams at $10 a day to oil prospectors and mineral prospectors and Dominion Land surveyors—and got enough for seed in the small areas they have cleared. They have turkeys, they have chickens, they have geese, they have hogs, they have one or two cows for milk and butter. The billie calves killed and frozen, the prairie chicken and wood grouse and rabbits filled their larders full. They have come through—" he burst out laughing— "They have come through—Fat! Not a family has failed. Mind, I don't say they have bank balances; but they have no unpaid debts. They have food. They have clothing. They have shelter. They are secure from even fear of want. In twenty years, those fellows will have farms of from 320 to 1200 acres, lock, stock, free and cleared; and when a spur railroad goes in, etc., etc., etc."

Doesn't that point the way for Canada's policy to people her unpeopled lands, and give the disinherited of the Revolutionary Wing their inheritance and stake in land? Granted we have spent $87,000,000 on Soldier Settlements. Each of the 27,000 settlers is worth $1,000 a year to the nation in output at $3 a day—that is a total of $27,000,000. Each will be worth in freight to the railroads $700; that is a total of $18,900,000. The two totals equal a yearly return of $27,000,000 plus $18,000,000, (let the $900,000 stand for overhead and failures,)—that is a grand total of $45,000,000 returns a year on capital investment of $87,000,000 by the nation for thirty years.

Does not that point the way to peopling Canada's vacant lands, and restoring land values, and averting the crash of a permanent slump? I like the omen. It was the most hopeful thing I heard in Canada in 1921.

CURRENT OPINIONS

THE NEW MINISTER OF TRADE.

Montreal Gazette.

The new Minister of Trade and Commerce, the Hon. J. A. Robb, is to be congratulated upon both the tone and substance of his first public utterance since assuming the important administrative office which he now holds. The selection of a successful business man and practical trader for the portfolio of Trade and Commerce was a happy one and marked a welcome departure from the course which previous governments had followed, a course determined by political exigencies and personal considerations rather than by any real desire to enhance the country's commercial prosperity. The work of the Department of Trade and Commerce has suffered for twenty-five years from the technical incapacity of the ministers charged with its direction, and what ought to have been an important and useful branch of the public service has been regarded, and not unjustly, as a hindrance rather than a help to the promotion of Canadian trade. The change of administration warrants, in this respect, a hope of better things. Mr. Robb is a man of large commercial experience and the sound views which he holds in business matters have been applied successfully in his own enterprises. He enjoys in quite unusual degree the confidence and respect of the business community, no mean qualification for a Minister whose departmental activities must largely influence the import and export commerce of the country.

THE SWINDLERS' HARVEST

Richard Spillane

It is the estimate of leading bankers of the Middle West that the horde of swindlers who swept over the agricultural belt in the flush days of 1919-20, selling stock in oil wells that never produced oil, packing-house projects that never operated, phonograph concerns that never made phonographs and all kinds of fly-by-night affairs, robbed the farmers of $2,000,000,000.

Never before was there so great a fleecing of the farmers.

The conditions were most favorable for the schemers. The men of the soil had made fine profits in the war period out of the high prices they received for their wheat and their corn, their hogs, their beeves and all their products. Some country bankers are said to have aided the plunderers, giving information to them of the financial condition of "prospects," acting as "bird dogs" to flush the game for the hunters in search for gullible victims.

Persons in cities and industrial districts who read of these swindles probably remarked contemptuously, "the poor rubes," and thought no more of it, not thinking it concerned them.

But it did and it does concern them. No people in America can suffer to be plundered without the people of all other parts of America being affected to some degree.

How long will bonds continue to rise?

What does history teach us about rising bond markets? These and other features of importance to investors are discussed in the new Greenshields Review.

Write for a copy to-day

Greenshields & Co.
INVESTMENT SECURITIES
Montreal: 17 St. John Street
Toronto: 14 King Street East
Ottawa: Central Chambers

Free Trade in Wheat and Textiles

How a Chamberlain—Laurier Scheme was Killed by United States Influence

Mr. Hunter, Vice-President of the MacLean Publishing Company, speaking at a luncheon for the Scottish woolen manufacturers now visiting Canada, revealed an interesting bit of trade history—how Britain was to maintain a duty on foreign wheat and admit Canadian free in exchange for free trade in woolens and certain grades of cotton, and how the American Ambassador bluffed the British Cabinet into killing the arrangement. Mr. Hunter pointed out that Rt. Hon. Mr. Ritchie, for reasons which I need not go into now, killed a carefully arranged plan for the admission to Canada free of duty of all British woolens and many lines of cottons. The scheme was worked out by certain Imperialists—in Canada and the Mother Country. The details—in the working out of which one of our members was associated—were highly satisfactory to Manchester and other manufacturers as well as to those in Canada. The Canadian Government was to compensate Canadian investors in the woolen and cotton industry if necessary. They were finally approved by Sir Wilfrid Laurier and Mr. Chamberlain.

You will recall that in the South African War period you had a duty on wheat. The arrangement was that this duty was to be maintained on foreign but removed on Colonial wheat, in exchange for free admission of all British woolens and many lines of cottons. This was definitely agreed upon in the Imperial Cabinet. There was some opposition in the Cabinet headed by Mr. Ritchie, who was inspired by the American Ambassador, extremely astute, brilliant and lovable Mr. Choate. Pressing matters made it advisable for Mr. Chamberlain to visit South Africa and it was clearly understood before he left that no action on the wheat duty should be taken until his return, but immediately he sailed, Mr. Ritchie and those associated with him got busy and the first intimation that Mr. Chamberlain had of broken faith was a cable received at Madeira. Mr. Ritchie had removed the duty on all wheat and the great opportunity for which Mr. Chamberlain and all other Imperialists had worked for years was lost. Perhaps the most important factor in this connection was the support the policy received from the Manchester free traders.

Some of our members think that the opportunity has again arisen and some of our papers are advocating a higher general tariff—a lowering of the tariff on British goods and possible free trade in certain lines.

Attractive Municipal Bonds

City of Toronto	6	1 July, 1924-31
City of Toronto	6	1 June, 1942-46
City of Hamilton	6	1 Oct., 1937-41
City of Owen Sound	5	1 March, 1935
City of Westmount	3½	1 May, 1938
City of Montreal (St. Cunegande)	4	1 May, 1937
City of Montreal (St. Henri)	4	1 May, 1949

Write for descriptive circular covering issues in which you are interested.

Wood, Gundy & Company
Montreal 36 King Street West New York
Winnipeg Toronto London, Eng.

Watching Clients' Interests

Perhaps you hold a lot of securities which you want to exchange for others.

Conditions may have changed since you bought—you may want longer or shorter term maturities—or for other reasons, desire to exchange.

One of the services we render to our clients is to find and recommend suitable bonds to meet their requirements.

By close attention to clients' investments, combined with our knowledge of the bond markets, we frequently have been able to advise them of an advantageous exchange which otherwise would not have occurred to them.

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INVESTMENT BANKERS

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NEWS OF THE BOND MARKET

VETO POWER ONLY PERMISSIVE HENCE LACKS RIGIDITY

As Security For Private Rights Is Not Absolute Factor

NOT ALWAYS USED

Sir Allan Aylesworth, for Instance, Declined to Protect Private Property Rights From Confiscation

In considering the extent of protection that has been given to private property in Canada, a question that affects the investor in bonds largely because of the large amount of provincially guaranteed bonds outstanding, due consideration must be given to the power given to the governor general in council—which means the Dominion Cabinet—of vetoing provincial legislation.

For some years following confederation the Dominion Government widely exercised its power of vetoing provincial legislation. Wherever statutes were passed that confiscated private rights without due compensation the federal authorities disallowed the legislation. In 1896 though when the Liberals came into power they established the principle that each legislature within the sphere of its authority and jurisdiction should be supreme and amenable only to its constitutional judges—the electors of its own province. Sir Allan Aylesworth, as Minister of Justice, declined to exercise the right of veto claiming that the power of the people was sovereign through their legislature.

The Emerson Case

In 1904 an unsuccessful attempt was made to secure disallowance of a statute passed by the Province of Manitoba that was felt to injure the interests of the bondholders of the Town of Emerson very seriously. Professor A. H. Lefroy in his authoritative work on the Federal Constitution in Canada tells that Sir Allan was asked to disallow the legislation on the ground that it would shake the confidence of financial institutions in Canadian securities. The minister refused to disallow the legislation merely on the ground of any supposed injustice to any individual.

Seemingly the final quietus was given to demands for disallowance by the Ontario Power Commission case in 1909. The provincial government passed admittedly confiscatory legislation. The Attorney General of the province held that "we cannot submit to any check on the right of the legislature to legislate." Sir Allan supported him and stated that "a suggestion of abuse of power so as to amount of confiscation of property should appeal with no more effect than any other argument." The remedy he declared was an appeal to those who elected the legislature.

So the matter rested for some years. It was freely declared by writers and speakers that the power of disallowance was a dead letter in Canada—that the power had become obsolete in fact. But that it had not become obsolete and was very much of a factor in constitutional practice was indicated in 1918 when the then Minister of Justice, C. J. Doherty, disallowed a statute of the Province of British Columbia which confiscated railway lands owned by the Esquimault and Namaimo railway without due compensation.

An Uncertain Factor

So long as there are two schools of thought in Canada regarding the power of disallowance vested in the governor general it is an uncertain factor as security for property rights. Joseph Chamberlain said "the right to complete and unfettered control over financial arrangements is essential to self government." Yet Alexander Hamilton who provided the American constitution with a check on the rights of State legislatures to confiscate private property has been proven to have been right. The farmers of the Canadian constitution—the British North America Act—did not intend that the security to private rights should be any less in Canada than in the United States, though time has proven that it is.

Some authorities have suggested an amendment to the British North American Act, making it impossible for legislatures to violate private rights. Others have stated that more general exercise of the power of disallowance will be sufficient. Prof J. Murray Clark has said:

"Compensation—due indemnity for property taken—appears to lie at the very basis of British ideas of right—of what we call British fair play. When the British Parliament freed the slaves in the West Indies compensation was paid without question, although the English courts had held that a slave setting his foot on English soil thereby became free.

"Much more, therefore, should any provincial statute which can be shown to amount to confiscation of property without compensation, and must consequently injure the credit of Canada, be promptly disallowed."

January Bond Sales

..Permanent financing of Canadian provinces, municipalities and corporations totalled $27,551,582 in January as compared with $39,401,552 in January 1921. Bonds issued were as follows:

Municipal	$ 2,181,582
Provincial	21,370,000
Corporation	4,000,000
	$27,551,582

Principal issues were:

PROVINCIAL	
Ontario	$15,000,000
Alberta	3,480,000
New Brunswick	1,890,000
Ontario Hydro	500,000
Manitoba	500,000
CORPORATION	
Mount Royal Hotel Bonds	$ 4,000,000

VICTORIA BORROWS AT A BASIS OF 6.15 P. C.

Mackay-Mackay Buy Much Sought After Issue From Hanover

Victoria, B. C., borrowed at a 6.15 per cent. basis by selling $34,500 of 6 per cent. 15 instalment bonds to Gillespie, Hart & Todd at 99.077. Other bids were:

Gillespie, Hart & Todd	99.077
British American Bond Corp.	98.75
Wood, Gundy & Co.	98.65
Royal Financial Corp.	98.64
A. E. Ames & Co.	98.14

Mackay and Mackay have purchased $14,000 of 6 per cent. twenty instalment bonds of Hanover, Ontario. The bids received were:

Mackay & Mackay	102.50
Dyment, Anderson & Co.	102.12
Wood, Gundy & Co.	101.86
R. C. Matthews & Co.	101.71
Canada Bond Corp.	101.67
Municipal Bankers Corp.	101.459
C. H. Burgess & Co.	101.21
W. L. McKinnon & Co.	100.892
W. A. Mackenzie & Co.	100.762
A. E. Ames & Co.	100.61
Harris, Forbes & Co.	100.17

Manitoba has sold $500,000 of 15 year 5½ per cent. bonds to the Dominion Securities Corporation at par.

West Kildonan, Man., has disposed of $200,953 of 6 per cent 30 year bonds to Wood, Gundy & Co., at 95.18 a 6.37 basis. The bids were:

Wood, Gundy & Co.	95.15
A. E. Ames & Co.	94.69
Bond & Debenture Corp	94.39
W. A. Mackenzie & Co.	92.438
Strang & Snowden	90.25

Rockwood Man. Bonds

Wood, Gundy & Co., bought $50,000 6 per cent. 28 instalment bonds from Rockwood, guaranteed by the province of Manitoba, at 103,51 . The bids include:

Wood, Gundy & Co.	103.51
Royal Securities Corp.	102.64
R. C. Matthews & Co.	102.51
A. E. Ames & Co.	102.13
C. H. Burgess & Co.	101.30
Brent, Noxon & Co.	99.12

WHAT N. Y. HEARS ABOUT THE BIG LOAN

Reports Again Circulated That It May Come Along Soon

From Our Own Correspondent.

NEW YORK.—Reports were again being circulated here this week in regard to the possibility that the Dominion Government may float a loan in this market in the near future. If this matter of borrowing money in the United States to finance the needs of the Dominion is being seriously considered by the Finance Department, nothing has so far been heard about it by the Canadian banks here. While Canadian bankers are more or less convinced that the Dominion will be compelled to borrow in this market before the close of the year, they do not seem to believe that anything very definite will be done in the direction of preparing the ground until after the delivery of the Canadian Budget speech.

A FUTURIST WORKER

Simplicissimus (Munich)

"You look tired!"

"Well, it's hard work carrying a hod a bricks up to the third story."

"Have you been doing it long?"

"No—I start to-morrow!"

SOME INDUSTRIAL "BABY BONDS" FOR THE SMALL BUYER

Many Bonds Are Available In Denominations As Low As $100

PARTIAL PAYMENTS

Widening of Efforts of Companys is Selling Houses on Plan of Systematic Investment

In New York City there is a firm that has for years specialized in the sale of "Baby bonds," bonds of $100 denominations. Through the educational efforts of this firm many hundreds of people have been taught the lessons of good investing who might otherwise have been the prey of unscrupulous promoters—who in many cases were actually on the so-called "sucker lists." To some extent their methods have been copied and the "Baby bond" movement in the United States has reached so far that it is customary for many large industrial concerns when making bond issues to include $100 amounts in provisions.

In Canada there are numerous bonds outstanding in $100 denominations. It is not known widely enough that a man with $100 can buy the bond of any one of two or three dozen sound industrial or utility enterprises. The $50 and $100 Victory bond is well known; but the $100 industrial bond exists and should be made almost as widely known. If there were a wider dissemination of the possibilities for the small investor in good investments which are just as easily available to him as to the moneyed man the need for "Blue Sky" laws would not be so widely felt.

It is not only the man with $100 to invest who can take advantage of the small denomination bonds. With so many firms availing themselves of the partial payment plan of investing, the man with as little as $25 can start himself along the High Road to Fortune by making an initial payment on a good bond, the remainder to be taken care of by regular monthly payments of from $10 to $20.

Some of the "Baby Bonds"

A list of some of the leading industrial and public utility bonds available in $100 denominations with the amount outstanding in each case is given here:

$4,000,000	Abitibi	8%	Cons. Mtge.
3,000,000	Asbestos Cp.	5%	First Mtge.
6,000,000	N. S. Steel	5%	First Mtge.
1,000,000	Brompton	6%	Gen. Mtge.
2,500,000	Brompton	8%	Cons. Mtge.
1,118,000	Can. Bread	6%	First Mtge.
6,346,000	Can. Cement	6%	First Mtge.
5,000,000	Can. Car	6%	First Mtge.
3,650,000	Can. Steel Foundries	6%	
4,505,000	Can. Cottons	5%	
1,500,000	Can. Loco.	6%	First Mtge.
3,000,000	Dom. Glass	6%	First Mtge.
1,700,000	Gordon, Ironsides and Fares	6%	First Mtge.
1,750,000	Harris Abat.	6%	First Mtge.
2,000,000	Penman's	5%	First Mtge.
1,750,000	Sherwin-Wil.	6%	First Mtge.
3,500,000	Howard Smith	—	First Refunding
3,500,000	Wavagamack	6%	First Mtge.
LIGHT AND POWER			
15,000,000	Cedar Rpds.	5%	First Mtge.
6,000,000	Shawinigan Falls	5%	First Refunding
3,387,000	Southern Canada Power	6%	First Mtge.

The Partial Payment Plan

The chief argument that has been advanced by investment bankers against the so-called partial payment or systematic investments plan of investment is the large overhead expense that is needed to handle the comparative small gross volume of business that will result. Firms who have made a systematic attempt to develop this class of business have been exceptionally successful and have made it a profitable branch of their activities. And as A. E. Bryson of a large Chicago house said the other day, one of the chief advantages is that it means the gradual elimination of the peddler of worthless securities by the education of the public to better investing.

From the investors' standpoint it is significant that several Canadian houses are frankly catering to this class of business and that small denomination bonds are becoming more easily available each year. Were the larger cities and the provinces to follow suit and break up some of their $500 and $1,000 bonds into smaller denominations the opportunity for the smaller man of lesser means would be widened.

UNTO THE END

The American Legion Weekly

"How's this?" asked the lawyer. "You've named six bankers in your will to be pallbearers. Of course, it's all right, but wouldn't you rather choose some friends with whom you are on better terms?"

"No, Judge, that's all right. Those fellows have carried me for so long they might as well finish the job."

BOND MOVEMENTS OF THE WEEK

BONDS—	Int. Rate.	Due. Year.	Yield.	Range 1921. High.	Range 1921. Low.	Range 1922. High.	Range 1922. Low.	Latest Price Week Ending Jan. 31st Ask.	Bid.	High.	Low.
Bell Telephone	5	1925	6.40	93½	91¼	95¼	94	..	94½	95½	....
Can. Bread	6	1941	6.72	90½	82	92½	88½	93	92	92*	92
Can. Car	6	1939	6.27	98	87½	97	..	98	96	97	..
Can. Cement	6	1929	6.47	95	89	98	94	98	..	97	..
Can. Locomotive	6	1951	6.95	90	82	90⅝	88	..	..	88	..
Cedar Rapids	5	1953	5.23	97	86	97½	94	97¼	97	97¼	96¼
Dom. Cotton	6	1922	7.05	99¾	96	99	..	99½	99	99	..
Dom. Iron	5	1929	7.57	83	75	84¾	83	..	83	84¾	..
Dom. Textile	6	1925	6.15	98	92	99½	98	99½	98	99½	..
Elect. Develop.	5	1933	5.62	95	90	95	94½	..	95¼	95	94½
Lyall Cons.	6	1932	8.95	79	68	79	78	79	..	78	..
Montreal, Sept. '23	6	1923	6.50	100	97¾	100	99	99	..	100	99
Penmans	5	1926	8.43	89½	85	90	..	..	89	90	..
Quebec Rly	5	1939	8.55	68	59	66½	65½	..	66	66	65½
Sao Paulo	5	1929	7.90	82	70	83	80	83	82½	83	..
Steel of Can.	6	1940	6.12	98¼	88¼	98¾	97	99	98	98¾	97
Wayagamack	6	1951	8.30	78¼	69¼	76	71¾	75	..	75	73
War Loan (1925)	5	1925	5.42	96.00	92.00	98.50	96.10	....	97.80	98.50	97.00
Do. (1931)	5	1931	5.26	96.60	90.05	98.90	96.25	98.60	98.00	98.85	97.70
Do. (1937)	5	1937	5.00	102.50	94.50	101.25	99.50	....	100.00	101.00	100.00
Victory (1922)	5½	1922	5.70	99.55	96.62	99.90	99.10	99.85	99.80	99.90	99.50
Do. (1923)	5*	1923	5.68	99.50	95.50	99.80	98.75	99.70	99.60	99.80	99.25
Do. (1924)	5½	1924	5.70	98.50	94.25	99.85	98.00	....	99.50	99.60	99.00
Do. (1927)	5½	1927	5.23	101.00	95.25	101.60	99.80	..	101.40	101.60	101.15
Do. (1933)	5½	1933	5.20	101.80	95.12	103.10	101.25	102.70	102.65	103.00	102.40
Do. (1934)	5½	1934	5.53	99.43	92.25	100.00	98.30	99.70	99.65	99.95	99.60
Do. (1937)	5½	1937	5.06	104.00	96.50	105.15	103.30	104.80	104.70	105.00	104.50

DURANT AND STUDEBAKER

Former Head General Motors Perhaps Largest Shareholders

Probably the largest shareholder of Studebaker common today is W. C. Durant, formerly head of General Motors and now president of Durant Motors. His holdings are understood to approximate 65,000 shares, representing an investment of between $4,500,000 and $5,500,000. Whether all this represents a personal investment of Mr. Durant or is in part the property of Durant Motors cannot be learned.

The Studebaker estate is a large holder of Studebaker common, despite the fact that two of the leading members of the Studebaker family, founders of the company, withdrew from any participation in its management several years ago. Charles M. Schwab, head of the Bethlehem Steel Corporation, is another large holder of Studebaker shares. Probably one-third of Studebaker common is in Wall Street.

Mr. Durant, despite his large interest in Studebaker, has never expressed any desire to be represented on its board. He and Mr. Schwab are more than satisfied with the record the company has made under its present official family.

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Attractive Investments
$11,000 Town of Shawinigan Falls, P.Q.—5's. Due Nov. 1, 1958. Rate to yield 5.60%.
$15,000 City of Verdun, P.Q.—5's. Due May 1, 1940. Rate to yield 5.60%.
$ 4,000 Town of Pointe aux Trembles, P.Q.—6's. Due May 1, 1940. Rate to yield 5.80%.
$10,000 Montreal Catholic School Commission—5's. Due Feb. 1, 1947 (payable N.Y.). Rate to yield 5.40%.
$11,000 Town of Montreal North—6's. Due 1957 (payable N.Y.). Rate to yield 5.75%.
McLEOD, YOUNG, WEIR & Co.
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Every Man Intends to Make a Will
But when one feels fit and eager for the day's work, can make the ninth hole in four, and help carry a canoe around a three-mile portage—it's hard to contemplate the idea of a WILL with any seriousness.
That is why so many men die without making any will.
That is why so many a comfortable little fortune is wasted in legal tangles.
That is why so much property gets into hands for which it was never intended.
Every man has rather decided views about the disposition of the wealth that he has created and saved. And he can enforce his wishes by a carefully drawn will and a wise choice of an executor. He ca choose no executor who will administer his estate more prudently and faithfully than—
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Seventeen years' experience in executive positions in mechanical lines on interchangeable manufacture of type casting machines; firearms from raw material to finished product; electrical work; bicycle-making; experience on metal pattern making; bridgework; general repair work on air compressors, engines, brazing, welding; also experience on drop forging. Heat treatment of steel, all classes; physical testing of steel; tool design and making. Thoroughly acquainted with cost systems and production methods. BOX 16, FINANCIAL POST.

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30-Year (1951) 6% Coupon Bonds
Denominations $1,000
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Adjoining Winnipeg
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Yielding 6.35%

CIVIC AND PROVINCIAL FINANCE

Tenders and By-Laws

TENDERS WANTED

Feb. 28, R. M. Morton.—$58,300, 6 per cent., 30 year Good Roads Debentures. G. C. Smith, sec.-treas., Municipality of Morton, Boissevain, Man. (See announcement on page 10.)

Feb. 13, Sherbrooke.—$207,500 5% 10 year debentures for various purposes. Arthur Nobert, treasurer, Three Rivers, (See announcement on page 16.)

Feb. 13, Sherbrooke.—$207,500 5½ 10 year debentures. E. C. Gatien, sec-treasurer, Sherbrooke. (See announcement on page 10.)

Feb. 13, Weston.—$51,500, 6%, 10 year debentures. J. H. Taylor, town clerk, Weston.

Feb. 15, Prescott & Russell.—$100,000 6%, 20 year instalment-plan debentures. Joseph Belanger, L'Original, Ont. (See announcement elsewhere in this issue.)

Feb. 14, Westmount.—$273,000 5½% serial bonds, of varying denominations, maturing between November 1, 1923, and November 1, 1960.

Feb. 10, Oshawa.—$36,448, 6%, 20-year; $86,686, 6% 30-year local improvement debentures. F. E. Hare, Treasurer. (See announcement elsewhere in this issue.)

DEBENTURE NOTES

Montreal—Authorization to permit of the borrowing of a million and a half dollars has been granted the Montreal Protestant School Board by a bill which went through the Public Bills Committee recently. The money is needed to build new schools, to add to and repair present buildings, and to pay off a mortgage.

Point Grey—The ratepayers have passed a by-law providing $200,000 for streets, roads and highways, 20-year sinking fund, 5½% debenture. A by-law was also passed authorizing the issuance of $300,000, 20-year, 5½% sinking fund debenture for sewers.

St. Thomas—The ratepayers of Elgin will decide on June 6th next whether the county shall make a grant of $50,000 to the proposed Elgin Memorial Hospital in St.Thomas, as recommended by the council.

Woodstock—At a meeting of the city council a by-law was completed to offer $48,500 in debentures, to cover the cost of the extra expense on Woodstock's $105,000 sewage disposal plant. The bonds will be thirty year, bearing 5½ per cent.

OFFER TO SUPPLY GAS TO EDMONTON

English Syndicate Has Made Proposition To That City

From Our Own Correspondent

EDMONTON.—The city council is again considering a natural gas proposition for the installation and operation of a service from the Viking field. Capt. Kincaid Smith, in behalf of a group of English capitalists, has offered to make an agreement whereby he will take over the franchise now held by the Northern Alberta Natural Gas Company and supply gas in Edmonton at forty cents net per thousand.

The city has a damage suit against the Northern Alberta Company, for alleged non-fulfillment of contract and is withholding definite action in regard to the English syndicate's proposition until the suit has been disposed or arranged.

An abundant supply of natural gas is known to exist in the Viking field, but nothing has yet been done toward its commercial development. The laying of seventy-eight miles of pipe will be necessary to connect with the city. The English company offers to buy out the Northern Alberta company, which holds the present franchise, for $750,000 in bonds and $900,000 in common stock.

QUEBEC PROVINCE PROSPEROUS WITH SOARING REVENUES

Providing For Expenditures Of Over $15,000,000 For New Year

ROADS, AGRICULTURE

And Colonization Generously Provided For As Well As Education — New Treasurer's Budget

From Our Own Correspondent.

MONTREAL.—In presenting to the Legislature of the Province of Quebec his review of the financial situation, the new treasurer, Hon. Jacob Nicol, K.C., stated that the year's operations, that is to June 30, 1921, showed an ordinary revenue of $15,914,521 and expenditure of $14,624,088 giving a surplus of $1,290,433. Out of this was paid extraordinary expenditure of $60,000. The revenue exceeded the estimates by $4,240,000, while expenditures exceeded the estimates by $3,093,000.

On June 30, 1920, the funded debt outstanding was $40,708,113, while on June 30, 1921, it was $51,652,113, showing an increase during the year of $10,944,000. The total funded debt on June 30, 1921, consisting of bonds and stocks outstanding, was $51,652,113 against which the sinking funds invested amounted to $2,364,518, leaving a net balance of the funded debt of $49,277,594. The net balance of the funded debt at June 30, 1921, was $10,745,843 more than the net balance of the funded debt at June 30, 1920. This increase was accounted for by three issues of bonds, $144,000; $5,000,000 and $5,800,000 from which must be deducted $198,156 invested on account of sinking funds.

On June 30, 1921, the unfunded debt, consisting of temporary loans, trust deposits, outstanding warrants, etc., amounted to $6,684,322, but the Government had against this at the same date in the form of cash, claims against individuals and corporations for advances, Quebec's share of the Common School Fund, ($1,173,006), a surplus of assets over unfunded debt of $5,879,642.

Estimates for the Coming Year

The estimates of receipts and expenditure for the next fiscal year, which will be submitted to the House were as follows:

Ordinary revenue	$ 15,531,738
Ordinary expenditure	15,329,284
Estimated surplus	$ 202,454

The estimated expenditures for the year 1922-23 show an increase of $2,514,862 over the estimated expenditure of the year ending June 30, 1922. The treasurer in explaining why provision was being made for the expenditure of more money during the new year than in the year about to close, declared that the decision was reached that instead of retrenching on the budget of roads, colonization and agriculture departments, they should spend all they reasonably could in order to help the laborers, colonists and farmers of the Province.

The treasurer defended the large expenditures on higher education, including $1,000,000 each to McGill University, Laval University and the University of Montreal, as well as the building and maintenance of four technical schools, normal schools and agricultural colleges. He declared that there was one more university left to help, Bishop's, and that this would be dealt with fairly and with due consideration to its situation and its usefulness to the English minority of the Province. Special attention would now be paid to help for the rural schools of the Province.

New Brunswick's Accounts

Total expenditure of the province of New Brunswick for the fiscal year ended October 31, 1921, was $3,371,072 leaving a deficit of $265,793. Adding the loss on the St. John and Quebec Railway, the deficit is $507,132.

BUY OWN BONDS

Saskatchewan municipalities went far in financing themselves in 1921. The Local Government Board states that of $3,810,972 of debentures sold in the province last year $2,431,161 worth were sold to local investors. In 1920 local investors took $1,630,893 of total issues of $4,152,732.

The board allowed no issues during the year where the cost of the money secured exceeded 8 per cent.

Mortgaging A City's Future Handicaps It In Present

Letting Posterity Pay Does Not Make It Possible To Get Something For Nothing—Burden of Debt Charges vs. Onerous

By HORACE L. BRITTAIN,
Managing Director Toronto Bureau of Municipal Research and Citizens' Research Institute of Canada.

First Citizen—"Why not have it? It will cost only the annual debt charges."

Second Citizen—"Yes, why not? Those who come after us will have to pay most of it anyway."

Such arguments as these in favor of large capital expenditures are responsible for the fact that so many young municipalities have mortgaged the future and in so doing have handicapped the present. If all private firms and individuals had exercised the same optimism in their affairs, they would have been bankrupt long ago. But in private business individuals cannot so dodge their liabilities, first because being comparatively short lived and not having the power of taxing others, they cannot borrow so freely; and secondly because, seeing clearly what the result of overborrowing is on individuals, they have not the necessary courage to overborrow. Cities, while made up of an everchanging stream of individuals, have a continuous existence perhaps for centuries or milleniums; have the power of taxing their citizens; and cannot visualize clearly the disastrous results to the community of overborrowing. The wish is father of the thought. Multitudes desire to get something for nothing and are easily persuaded that this can be done for them by the municipality or the government. It is a pecular obsession that people should think that the minute they elect certain men to be their government these men, subject to like limitations with themselves, instantaneously become endowed with powers more miraculous than those of the philosopher's stone or the fountain of youth.

IS IT THIS WAY IN YOUR CITY?

"Vote for this by-law. It does not cost the citizens one cent. We are going to issue bonds to raise the money and let posterity pay" —The average municipal candidate around election day.

"We cannot reduce the tax-rate. Debt charges comprise over one-third of our expenditures and they are absolutely uncontrollable."—The same man—now an alderman—at budget-striking time.

Death is Only Loophole

When a city borrows for 24 years $1,000,000 at par, with interest at 6 per cent. payable half yearly, and issues sinking fund bonds therefore, it obligates itself to pay during the life of the debt, practically $2,100,000 or more than twice as much as the amount borrowed. A man at the age of forty has an expectation of life of 27½ years; so that, as far as this debt is concerned such a man, living in the city at the time of incurring the debt, would have to contribute his full share of both principal and interest—unless he moved to another city where he would probably have to help pay off debts that others had contracted. As a matter of fact, the only way such a man could win out would be to die, and then he would leave his widow and children to carry his burden. If a city sows a debt it reaps debt charges. If it sows too many, it may find its harvest force unequal to cope with the crop.

Even from a selfish standpoint it is unwise to attempt to unload on posterity what we should pay for ourselves or go without. From the standpoint of decency, communities should remember the assets of untold value passed on to them by their fathers, and should not forget that each generation has its own problems, sufficiently difficult of solution without grappling with others handed down by predecessors.

Borrowing Should Be Productive

It has become the fashion to make a wide distinction between debt incurred for revenue producing purposes and debts incurred for general city services. Practically there is a great difference between productive and unproductive expenditures and a city might well favor borrowing $1,000,000 for an undertaking which would carry its own debt charges, while it should hesitate contracting a similar liability, the debt charges of which would come directly out of taxation. But in reality no city has a right to incur debts which are not productive of services the people need. Whether the debts are paid for out of direct charges for services which can be measured or through taxation, out of indirect charges for services which cannot be measured, the amount of the debt contracted is of vital importance. If a sum is borrowed and spent in excess of what was needed to secure the desired services, or if the amount is borrowed under too onerous conditions of discount or interest, the results are reflected either in direct charges for services swollen by unnecessary large debt charges, or in the tax-rate. Whether he pays in proportion to the amount of service used or in proportion to his assessment, the citizen pays. The distinction is frequently more apparent than real. One of the gravest dangers at the present time is the rush to spend money on so-called revenue producing services, due largely to the belief that money spent in this way can constitute no burden. It may or it may not. If it produces real services cheaper than they otherwise can be produced, if it substitutes a lighter for a heavier burden, it may be of real advantage. Otherwise it may entail a real burden.

The danger is in the growth of an uncritical attitude toward public expenditures for revenue producing undertakings. It is considered ungenerous to look a gift horse in the mouth, but it may be unwise not to do so. The upkeep of the animal may be greater than is warranted by the service it renders. It may be unpopular to scrutinize proposed public expenditures which it is said will carry their own charges. In reality all such expenditures require a double portion of caution.

Some Are Loss-Producers

Again not all so-called revenue producing enterprises are really revenue producing except in the sense that a deficit is a negative surplus. If such an enterprise regularly produces deficits it becomes eventually a burden on the tax-rate. Only to the extent that it carries its own debt charges should its debt be deducted from the gross debt in estimating the borrowing power of the city. Any law allowing such deduction is vicious and should not be treated as an asset.

The non-critical attitude toward local improvement expenditures and debts is also a danger signal. One frequently hears the argument, "Well, this improvement will not affect the tax rate much, as those benefited will have to bear the major part of the cost." On the other hand, one hears the argument, "The city bears part of the cost. Why not go ahead?" Thus it appears that one may eat his cake and have it. The inevitable result of this way of thinking is that the city's share of local improvements tends steadily to increase, until alarm at the increase calls a sudden halt. In one important Canadian city the proportion of local improvement charges paid by the city went up, between 1917 and 1921, from 35.3 per cent. to 42.7 per cent. Recently the facts have caused a reversal of policy and now the city is assuming a smaller portion of the cost than formerly and the proposal has been made that all improvements in strictly residential areas shall be paid for entirely by the property owners. If cities were authorized to require, and were actually to require, that before lots in any development—at least in certain areas—could be offered for sale, all local improvements should have been installed, the cost of local improvements would be greatly decreased and the growth of local improvement debts would be arrested.

NOW HAVE SURPLUS

From Our Own Correspondent

EDMONTON. — The municipally owned utilities in this city made an unusually good showing last year, their balance sheet giving a combined surplus of $251,886 as against a combined deficit last year of $94,867. The only exception to the civic money-makers was the street railway system, which has never paid its way, but which in 1921 cut down its losses to one-fourth those of the preceding year.

The explanation of the marked improvement is that more efficient and economical management has been introduced during the past year and that with this advantage and the general improvement in business conditions the Edmonton public utilities are believed to have turned the corner.

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BANK OF TORONTO BUILDING
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OUR February list of offerings of Trustee Investments, is now ready for distribution. Copies gladly supplied upon request.

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Government and Municipal Bonds
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Canada

WEEKLY RECORD OF GOVERNMENT AND MUNICIPAL BOND SALES

Date—	Place—	SOLD TO—	Rate	Term	Amount	Price	Basis
Jan. 31	Victoria, B. C.	Gillespie, Hart & Todd	6 %	15 in.	$34,500	99.077	6.15
Jan. 28	Hanover, Ont.	Mackay-Mackay	6 %	20 in.	14,000	102.50	5.70
Jan. 28	West Kildonan, Man.	Wood, Gundy & Co.	6 %	30 yr.	200,953	95.18	6.37
Jan. 28	Kentville, N.S.	Johnston & Ward	6 %	15 yr.	3,500	99.62	6.03
		PROVINCIAL					
Jan. 28	Manitoba	Dominion Securities Corp.	5½%	15 yr.	500,000	par	5.50

* Payable in New York

APPOINTED MANAGER

A. E. Leger has lately been appointed manager of Le Credit Anglo-Francais Ltee, of Quebec. Mr. Leger has had several years' experience with the Royal Bank of Canada, and since his return from overseas, has been connected with the firm of Nesbitt, Thomson & Co., Montreal.

Sun Life Assurance Company of Canada
Head Office: Montreal
Assurances in Force - $500,000,000

BRITISH COLONIAL
FIRE INSURANCE COMPANY
MONTREAL
Canadian—Strong—Progressive
General Fire Insurance Business Transacted
Theodore Meunier, Manager

The Independent Order of Foresters
Organized 1874
TOTAL BENEFITS
Paid to Members and their Beneficiaries
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CANADA NATIONAL FIRE
INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, MAN.
A Canadian Company Investing Its Funds in Canada
APPLICATION FOR AGENCIES INVITED
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Interesting Facts concerning the Mutual of Canada
The Mutual of Canada was organized strictly for protection, not for investment. Its "stock" has never been quoted as it is operated without private capital. It has grown steadily for nearly half a century and is established upon an unshakeable foundation. It is under government supervision like all other old line companies, maintaining reserves on the safe and conservative basis of three and three and a half per cent. The business is confined to the Dominion of Canada and Newfoundland, so that the mortality is not subject to serious fluctuation. It is strictly a policyholders' company. It was organized exclusively for the benefit of its policyholders: It is operated in their interest and it is controlled by them. The whole surplus is used to reduce premiums, is paid in cash or increases the amount of their protection.
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An Imperial Endowment will give him a proper start in life—whether you live or die.
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FINANCIAL ASSISTANCE
to Estates being administered by it
PAID-UP CAPITAL AND RESERVE $1,212,725
The Imperial Canadian Trust Co.
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BRANCHES: SASKATOON, REGINA, EDMONTON, CALGARY VANCOUVER AND VICTORIA

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The return of the policies on the same day we get the papers is only one sample of our efficient service.
Such service pleases the Insured and pays the Agent.
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We have room in our Agency Organization for men who like our way of doing business. Drop us a line.
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INSURANCE AND REAL ESTATE

INDEMNIFICATION HAIL LOSSES MORE THAN $6,500,000

Loss Record in Saskatchewan Most Disastrous in History of Province

RATE REVISION

Large Percentage of Losses Not Covered by Insurance—New Companies to Enter Field Next Season

From Our Own Correspondent

REGINA.—Hail losses during the crop-season of 1921 were the most disastrous in the history of Saskatchewan according to figures released by the department of the superintendent of insurance for the province.

Over $6,500,000 in losses which were insured, is the estimate of Superintendent A. E. Fisher, who estimates also that from $18,000,000 to $25,000,000 in losses occurred in connection with crops which were not insured.

Hail storms in the autumn of 1921 completely wiped out huge areas of crop, the damage chiefly centering in the southern and south western districts. It is shown by figures in the possession of the superintendent that during 1921, $5,650,000 was paid in premiums by farmers of the province to companies for protection. Indemnification for hail losses will total, in his opinion, between $6,500,000 and $7,000,000.

New Companies in Field

"Despite the unfavorable experience of 1921," said Mr. Fisher, "I expect that the insurance companies will all be in the field again during 1922 and in addition, some strong British and American hail insurance concerns have signified their intention of underwriting this particular class of insurance."

As a result of the heavy hail losses in the south, a revision of rates may be put into effect by hail insurance companies. The companies concerned are contemplating charging heavier premiums on insurance underwritten in that portion of the province. Prevailing rates vary from 6 to 8 per cent. in these areas. It is proposed to raise these from 8 to 12 per cent., depending upon the reputation of the district in which the insurance is placed.

The Municipal Hail Insurance Association, an organization which strikes its rate on the basis of area insured and claims for losses, this year disbursed over $2,000,000 to farmers whose lands were hailed.

PREMIER TRUST

Profits For The Year Showed Only A Small Decline

In view of the prevailing conditions the showing of the Premier Trust Company, of Windsor, for last year may be regarded as favorable. The net profits of $7,168 compared with $7,349 for 1920 and $6,822 for 1919. $2,000 was added to the reserve. Comparative figures of profit and loss are as follows:

	1921	1920	1919
Net profits ...	$7,168	$7,349	$6,823
Bal. forward ..	1,568	1,065	2,015
	$8,736	$8,414	$8,838
Dividends	6,515	6,321	4,773
Reserve	2,000	2,000	3,000
Balance	221	93	1,065
	$8,736	$8,414	$8,838

The company's business continues to show expansion as indicated by the following comparative summary:

	Capital Account	Guar. Account	Estates, Trusts, Etc.
1921	$152,691	$52,690	$652,401
1920	141,362	42,540	443,567
1919	139,536	33,026	344,604
1918	137,941	21,776	307,486
1917	128,500	20,436	31,039

BRANTFORD TRUST

Profits Somewhat Lower But Equal to 1919

Although the net profits of the Brantford Trust Company at $18,999 were somewhat lower than the $19,231 shown for 1920 they were still higher than the $18,588 reported in 1919. Dividends took $18,000 and the balance was carried forward as indicated by the following summary:

	1921	1920	1919
Net profits ...	$18,999	$19,231	$18,588
Bal. forward..	2,434	1,203	615
	$21,433	$20,434	$19,203
Dividends	18,000	18,000	18,000
Balance	3,433	2,434	1,203
	$21,433	$20,434	$19,203

The company's earning record for the past six years is summarized as follows.

Year	Paid-up Capital	Net Profits	% div.	prof. avr. cap.	earn. rate
1921....	$300,000	$18,999	6	6.3	5.9
1920....	300,000	19,231	6	6.4	6.0
1919....	300,000	18,588	6	6.3	6.0
1918....	300,000	19,056	6	6.3	6.0
1917....	300,000	19,750	6	6.7	6.4
1916....	300,000	19,520	6	6.6	6.2

President Charles B. Heyd, in submitting the report states that more estates came into the company's hands for administration than in any previous year, and this helped to increase the gross income.

IT IS THUS WRITTEN IN THE BOND

During the course of an address before the Insurance Institute of Toronto, W. H. Adamson, of Adamsons, Ltd., adjusters, told a story of a Jew who evidently made a special study of the policy conditions, but who got somewhat mixed, proving the truth of one of Josh Billing's maxims that "it is better to be ignorant than to know so much that ain't so." This jew, a few months ago had a loss on his stock in a town in Northern Ontario. The fire occurred on the 15th of July, and the adjuster on arrival at the scene of the fire asked the assured when he took stock last. He replied: "On the 31st May." "And when before that?" "On the 31st December." After questioning him as to his practice for five years back, and finding that he took stock only once each year, viz: on 31st December, except this year, when an additional stock-taking occurred on the 31st May, he asked for an explanation. The Jew replied: "Vell, don't the policy conditions say that a man must take stock 60 days before a fire."

A DUAL PURPOSE IN HOUSING PLAN

To Relieve Housing Shortage and Unemployment—Lindsay Firm's Undertaking

An experiment in house building for the dual purpose of relieving the housing shortage and providing work for the unemployed which is being worked out by the John Carew Lumber Co., of Lindsay, Ont., is well worthy of emulation. This company some months ago undertook the erection of fourteen houses in Lindsay. The town needed houses, and the unemployed needed work. So the contractors and builders' helpers were called into consultation, and an agreement was reached whereby the masons would work for 65 cents an hour, the carpenters at 55 cents, while the plumbers quoted close figures in connection with their share of the undertaking. Brick was shipped from Toronto, as it is understood that supplies could not be secured locally except at what, under the circumstances, would have been exorbitant figures. The houses are nearing completion; they are fitted with all modern conveniences and being offered at around $4,500 on attractive terms. It is said that several offers have been received. It is understood that the company will continue its building program, if the initial undertaking proves successful.

In the first three weeks of the present year the Carew Lumber Co. has received orders for eighteen cars of lumber, or for more than the aggregate for the last three months of 1921. This is regarded by the firm as an indication that building prospects are brighter.

7 P. C. TO MONARCH LIFE SHAREHOLDERS

Dividend Declared at Annual Meeting—Larger Profits For Policyholders

An interesting development at the recent annual meeting of the Monarch Life Insurance Co., in Winnipeg, was the declaration of a 7 per cent. dividend to shareholders. The annual report likewise showed a gratifying scale of profits to policyholders as a result of the low mortality rate, which was only 28 per cent. of the expected, and the high interest yields on investments which averaged 7.77 per cent.

Business was affected by the trying conditions of the year, and the volume of new insurance therefore showed a small decline, standing at $7,439,491, compared with $8,171,239. The insurance in force reached a total of $29,118,808, an increase of $3,553,828. Policy claims in 1921 totalled $68,675. Policy reserves stand at $2,196,581, an increase of $505,355. Assets at $2,411,128 represent an increase of $591,674. Invested funds are distributed as follows: Bonds and debentures, 55.7%; first mortgages, 26.9%; policy loans, 13%; real estate, 2%, and cash, 2.4%. Interest upon investments, according to the report, has been reasonably well paid considering the difficult western crop situation. The surplus stands at $177,614, inclusive of paid-up capital of $100,743. Referring to the surplus account President W. A. Matheson points out that had it not been for the excessive claims on account of the war and 'flu losses the surplus would have been $250,000 greater. The subnormal claims of the past two years and the favorable rate of interest will, it is hoped, contribute towards rapidly overcoming the effect of these disturbances.

The Banque d' Hochelaga has opened a branch at St. Felicien, Que., under the management of R. Clavet. The Notre Dame de Lourdes sub-agency, controlled by the Winnipeg branch, has been converted into a branch under the management of J. G. Duchesneau.

Wrigley's four million dollar building, four hundred feet high, looking down upon the Chicago lake front, vies with the ten-million dollar Woolworth building, 720 feet high in New York, in eloquence of testimony to the democracy of chewing gum and the dime in our daily expenditure.

CONFEDERATION LIFE EXPERIENCES PROSPEROUS YEAR

Insurance in Force Now Exceeds $145,000,000 Mark

JUBILEE YEAR

Decline of New Business Owing to Trials of Adjustment Period—Further Building Up of Assets

Despite the difficulties of the adjustment year, the Confederation Life reports progress in every department in its fiftieth annual report. Unusual industrial conditions militated against the writing of new business, with the result that the volume of new insurance for 1921 shows a falling off from the record year of 1920, but the assets and reserves show further strength. The new issues for the year inclusive of bonus additions and revivals reached a total of $27,253,419, as compared with $35,144,811 for the previous year. Some 11,566 applications for insurance were received, and of these 10,967 were approved. The total insurance in force amounted to $145,237,818, as compared with $135,624,925.

President J. K. MacDonald describes the experience of the year as "unusually successful." He referred to some of the difficulties in the way of writing new business, and pointed out that the farmers as a class were deterred from placing new insurance in large amounts because of the widespread damage to crops in Western Canada, the fall in prices and high cost of labor, and the consequent inability of the farmers to accept additional responsibilities. In the United Kingdom results had been very satisfactory, and in the West Indies branch a decided improvement was shown in Trinidad, though in Cuba the year's operations show the result of unsettled conditions.

The net revenue from premiums and annuities was $5,497,960, being an increase of $225,410, while net revenue from interest and rents amounted to $1,597,361, an increase of $205,875. Surplus earned totalled $1,061,115.

As was the common experience of life insurance companies death claims showed a decline, amounting to $955,928, or $18,428 less than the previous year, while the mortality rate was less than 50 per cent. of the expected. Matured endowments reached $342,209, a decrease of $129,622, and the total payments to policyholders amounted to $2,398,127, which is $13,729 more than in 1920.

Assets now total $30,439,338, being an increase of $3,226,091. Investments are as follows:

Class Security	Net invest. Amount	Assets	Net Rate Earn.
Mortgages	$5,751,811.71	19.97	7.87
Debentures ...	14,992,787.75	52.05	5.42
Stocks..	1,184,374.10	4.11	6.56
on policies	4,062,971.86	14.11	5.85
Real estate...	2,234,274.84	7.76	5.59
Sundries	576,510.86	2.00	4.58
Totals	$28,802,731.12	100.00	6.02

The average rate of interest earned was 6.02 per cent. being an increase of 1-5 of 1 per cent. over the previous year. One of the unfavorable developments of the year, which applied to all life companies was the heavy demand for policy loans, this account showing an increase of $746,523, reaching a total of $1,298,574.

SECURITY LOAN

Dividend Distribution Increased To 7 Per Cent.

An increase in the dividend rate to 7 per cent. reflects satisfactory conditions in the affairs of the Security Loan and Savings Company of St. Catharines. President Henry J. Taylor reports that payments on mortgages both for interest and principal were well met. The profits of $42,707 were slightly higher than those of 1920 although showing a decline as compared with 1919. $10,000 was added to the reserve. Following are comparative figures of the profit and loss account:

	1921	1920	1919
Profit	$43,707	$43,591	$47,357
Insurance	3,084	......	......
Bal forward ..	2,390	5,737	5,075
	$49,181	$49,328	$52,432
Dividends.. ..	34,599	31,938	31,695
Reserve	10,000	15,000	15,000
Balance	4,582	2,390	5,737
	$49,181	$49,328	$52,432

The company's assets of $88,448 showed some increase. Deposits and debentures outstanding during the year showed some contraction which had its effect in somewhat reducing total assets.

Features of the company's earnings record for the past seven years are as follows:

Year	Paid-up Capital	Profits	Div.	% on Cap.	Earn. Rate
1921 ..	$532,300	$43,707	6½	8.2	6.1
1920 ...	532,300	43,591	6	8.1	6.3
1919 ...	528,250	47,357	6	8.9	7.0
1918 ...	524,200	47,021	6	8.9	7.2
1917 ...	523,233	44,386	6	8.4	7.0
1916 ...	508,679	46,622	6	9.1	7.7
1915 ...	500,000	41,279	5½	8.2	7.0

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Life Assurance Company
Head Office: 701 Somerset Bldg., Winnipeg, Man.
Men of proven ability would do well to write for particulars of the Agency Contract the Company is prepared to offer. Several District Managers required to cover exclusive good territory at a number of Western points.
Branch Offices:
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WILLIAM SMITH
Managing Director

British America Assurance Co.
Fire, Marine, Hail and Automobile Insurance
HEAD OFFICE - TORONTO
BOARD OF DIRECTORS: W. R. Meikle, President and General Manager; Wilfrid M. Cox, Vice-President; Sir John Aird, Robt. Bickerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper (London, Eng.), H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.
Assets over - - - $4,400,000.00
Losses Paid Since Organization, over - $50,000,000.00

Western Assurance Company
Fire, Marine, Automobile, Hail, Explosion, Riots, Civil Commotions and Strikes Insurance
Incorporated 1851
HEAD OFFICE. TORONTO, ONT.
Assets over - - - $7,900,000.00
Losses paid since Organization - - $81,300,000,000
BOARD OF DIRECTORS: W. B. Meikle, President, Wilfrid M. Cox, Vice-President, Sir John Aird, Robert Bikerdike (Montreal), Lt.-Col. Henry Brock, Alfred Cooper, (London, Eng.) H. C. Cox, John H. Fulton (New York), D. B. Hanna, Miller Lash, Geo. A. Morrow, Major-Gen'l Sir Henry Pellatt, C.V.O., E. R. Wood.

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For a real investment in the basic part of the largest industry in the world, a branch of which is being established in Canada and admitted of vital necessity to every citizen, write
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THE BANK OF TORONTO
Dividend No. 162

NOTICE is hereby given that a Dividend of Three Per Cent. for the current quarter, being at the rate of Twelve Per Cent. per annum, upon the Paid-up Capital Stock of the Bank, has this day been declared, and that the same will be payable at the Bank and its branches on and after the First day of March next to Shareholders of record at the close of business on the 10th day of February next.

By order of the Board,
THOS. F. HOW,
General Manager.
The Bank of Toronto, Toronto, January 25th, 1922.

Investors' Opportunity
The inventor of the Cash Register and the Computing Scale has now perfected a mechanical adjunct of progressive business which he proposes to himself market, inviting cooperation in limited amount with prospective participation in large profits. Communicate direct with Jos. P. Cleal, Consulting Engineer, Suite 306, No. 9 Wellington St. E., Toronto, Ont.

A HARD QUESTION

Spare Moments

Golfer—I suppose you've been 'round the links with worse players than me, eh?

No answer.

Golfer (slightly louder)—I suppose you've been 'round the links with worse players than me, eh?

Caddie—I heard verra well what ye said the first time. I'm thinking about it.

The Wabasso Cotton Company, Limited

THREE RIVERS, P.Q.

Manufacturers of Fine White Cotton, also Spinners' Fine Counts of Yarns

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ENGINEERS CONTRACTORS

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LIMITED

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Western Canada Flour Mills Company
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Mills at
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Daily Capacity—Flour, 10,000 barrels Rolled Oats, 1,000 barrels

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YOUR WIFE

Has probably not had the Business Experience necessary to handle the intricate problems which will arise in the settling of your estate and it is unfair to impose such duties on a friend or relative in these days of high business pressure.

The logical Executor, therefore, is a conservative Trust Company—which will act alone or in conjunction with your wife, other relative, or friend.

We invite correspondence and personal interviews on this important matter.

THE BANKERS' TRUST COMPANY

Head Offices: MONTREAL

Authorized Capital: $1,000,000

Nine Branches throughout Canada
Premises in Merchants Bank Building in each city

30

NORTH AMERICAN LIFE HAS RECORD INCREASE ASSETS

New Business Totals $20,279,954 Compared With $24,363,971

ANOTHER MILESTONE

Total Insurance in Force Passes $100,000,000 Mark—Mortality Experience Again Favorable

Continued expansion, despite the difficulties of the adjustment year was the satisfactory experience of the North American Life Assurance Co., for the year ending December 31 last. The company has passed another milestone in its career with business in force passing well over the $100,000,000 mark. New business, while falling short of the total of the banner year 1920, was nevertheless of satisfactory proportions, amounting to $20,279,954 as compared with $24,363,971. Insurance in force shows an increase of $6,406,194, now standing at $106,006,667. As pointed out by President Goldman in his address to the shareholders, "the termination of policies during the year was somewhat heavier than the previous year due to changed business conditions."

The cash income of the company from premiums, interest, etc., now amounts to $4,747,278, being a substantial increase. There was paid to policy holders the sum of $1,963,950, which included $454,051 paid as dividends or surplus, representing an amount larger than was paid in any previous year. During the past ten years there has been paid to policy holders the sum of $2,871,081.

The assets during the year have shown the largest increase for any single year totalling $1,835,884, the total standing at $21,877,767. New mortgage loans amounted to $926,630, and repayments totalled $408,173, thus increasing mortgage investments by $518,457; this item now standing at $5,085,971. According to the report the company's liabilities have been very fully provided for, of the total liabilities, policy reserves amount to $18,019,907. The net surplus amounts to $3,025,364.

During the year holdings of bonds and debentures were largely increased, and this class of security now constitutes over 50 per cent. of the company's assets. New purchases amounted to $1,500,627, and repayments on that account totalled $575,758, leaving the increase at $904,869, the total now standing at $11,088,420. The amount of death losses was $550,638, being considerably less in amount than the previous year.

President Goldman paid tribute to the stability displayed by the insurance business in general, during the past trying year. He said in part:

It is probable that during the past year there were more commercial failures than in any preceding year, but not a solitary life insurance company indicated even the slightest weakening of its strength. I feel confident that when the final return of the life insurance companies transacting business in this country is completed it will be found that life insurance has been among the least affected by the inevitable reaction that occurred in business of all kinds throughout this continent.

LANDED BANKING

Net Profits Showed an Improvement on the Previous Year

Although the income of the Landed Banking and Loan Company was somewhat lower for 1921 than for 1920 the fact that taxes were somewhat reduced resulted in a better showing in net profits. The figures were $121,452 for the year as compared with $119,272 for 1920 and $120,598 for 1919. After the payment of dividends $35,000 was added to reserve and the balance carried forward. Following are comparative figures:

	1921	1920	1919
Profits	$137,672	$138,020	$136,251
Taxes..	16,220	18,747	15,653
Net profits..	$121,452	$119,273	$120,598
Bal. forward.	1,603	2,330	6,732
	$123,055	$121,603	$127,330
Dividends ...	80,000	80,000	80,000
Reserve	35,000	40,000	45,000
Balance	8,055	1,603	2,330
	$123,055	$121,603	$127,330

Features of the company's earnings record for the past seven years compare as follows:

Year	Paid-up Capital	Net Profits	% div.	prof. avr. cap.	earn. rate
1921..	$1,000,000	$121,452	8	12.1	6.0
1920...	1,000,000	119,274	8	11.9	6.2
1919...	1,000,000	120,598	8	12.0	6.4
1918...	1,000,000	129,501	8	12.9	7.2
1917...	1,000,000	135,885	8	13.5	7.9
1916...	1,000,000	131,084	8	13.5	7.6
1915...	987,970	128,678	8	13.2	6.8

The balance sheet shows assets of $3,603,098 indicating a decline of about $130,000 as compared with the statement of 1920. There was a decline in savings deposits and also in currency and sterling debentures resulting in liabilities to the public being reduced from $1,728,031 to $1,555,043. Despite this decline the total mortgages increased somewhat and are now more than $3,000,000. This meant a considerable reduction in holdings of Dominion of Canada War Loan bonds which declined by about $140,000.

MERCHANTS CASUALTY

Reports Progress for 1921—Large Increase in Premium Income

The report of the Merchants Casualty Co., shows that progress was made during the past year, a very satisfying feature being the increase in Premium Income which amounted to $615,278, as compared with $495,908, received in 1920. The total assets are $425,972, and the amount invested in high grade securities is $298,903. The Authorized Capital is $500,000, of which $101,576 is paid up.

A policy of expansion was unanimously decided upon whereby the Company should be placed in a position to underwrite the additional lines of Fire, Plate Glass, Burglary and Public Liability Insurance.

At the Board of Directors meeting held immediately after the Shareholders meeting, the following were elected Officers for this year: S. D. Works, chairman of the board; L. M. Fingard, president and general manager; P. O. Works first vice-president; R. B. Graham, T. McWhirter, R. C. Sanborn and J. A. DeTremblay, vice-president and C. E. Hanslip, secretary-treasurer.

CONTINENTAL LIFE STRENGTHENS ASSETS

Reserves Are Also Increased—Decline in New Business

A decline in new business of approximately $1,000,000 as compared with the previous year for the Continental Life Insurance Co., can be ascribed directly to the unfavorable external conditions prevailing during the year 1921. Other departments show a further strengthening, and the company closes the year in a very satisfactory position. The new insurance issued and policies revived reached a total of $4,090,012, as compared with $5,055,410 at the end of the previous year. The insurance in force now stands at $18,616,461 as compared with $17,553,656.

The net premium income was $617,536 against $587,918 and income from other sources, $179,422, as compared with $143,555. The payments to policy holders and annuitants totalled $254,283, representing a slight increase over the disbursement of the previous year totalling $237,473. The company experienced a favorable mortality record with death claims amounting to $66,458, as against $76,558 for the previous year. The net reserves held by the company for its policy and annuity contracts have reached a total of $2,936,244, as against $2,666,208. There has been a material strengthening of assets from $3,043,148 to $3,357,784.

ONTARIO EQUITABLE LIFE

Shows Remarkable Growth — Insurance in Force $7,007,186

The Ontario Equitable Life and Accident Insurance Co., the newest Canadian life insurance company, has experienced a most remarkable growth of business in approximately the first fourteen months of its existence. The second annual report, just issued, which reviews the period ending December 31, last, shows $7,007,186 of insurance in force after deducting all terminations. Including $2,845,380 of business in force on the double indemnity basis the total insurance is $9,852,566. Since organization the company has paid out only $6,500 in death claims. Assets total $268,047 and with the exception of $5,850 invested in real estate mortgages the investments consist of Victory bonds, provincial and municipal bonds. The average yield for the year was 6.44 per cent. The paid-up capital stands at $102,000, and surplus at $78,383. At the end of 1920 insurance in force amounted to $1,053,300.

BRITISH MORTGAGE

Decline in Profits Due to Situation In Exchange

Having made a profit of $15,100 on sale of bonds payable in the United States in 1920 as compared with $2,500 in 1921, there was a considerable decline in the net profits of the British Mortgage Loan Co., of Ontario, even though there was an increase in income of interest from mortgages, bonds, rents, etc. The following comparative figures are from the profit and loss account for the past three years:

	1921	1920	1919
Net profits...	$70,581	$92,550	$82,953
Bal. forward..	2,801	10,251	7,298
	$73,382	$102,801	$90,251
Dividends	60,000	70,000	60,000
Reserve	10,000	30,000	20,000
Balance	3,382	2,801	10,251
	$73,382	$102,801	$90,251

The company's earnings record for the past six years is summarized as follows:

Year	Paid-up Capital	Profits	Div.	% on Cap.	Earn. Rate
1921	$500,000	$70,581	12	14.1	7.3
1920	500,000	92,550	12+2	18.5	9.8
1919	500,000	82,953	12	16.5	9.1
1918	500,000	73,823	10	14.7	8.2
1917	500,000	62,984	10	12.5	7.9
1916	450,000	63,944	9	14.2	8.3

WE OWN AND OFFER:

PROVINCE of QUEBEC 5½% Bonds

Due 1st December 1936

Price on application.

United Financial Corporation Limited
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MONTREAL OTTAWA LONDON, Eng.

SIMONS, AGNEW & CO.
Stock Brokers

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304 McKinnon Bldg. Toronto

We solicit your business for cash or on a conservative marginal basis.

"They like to do business with people they know."

Makes Neighbors of Customers!

"Yes, people wonder at my success in being able to increase sales, but there is really no secret to it. One night when my business was at its worst, in a heart-to-heart talk with myself I worked out these facts:—

"It has always been easy to do business with my neighbors, because I could meet them and talk to them. They like to do business with people they know. The only trouble is, the world has grown so large it's hard to meet and be friendly with a lot of people.

"Well, is it?" I asked myself. "If I can make good friends and good customers by meeting them, why can't I meet them and talk to them over the telephone?

"The next day was Wednesday. Wednesday afternoon is a good time to telephone—the wires are not so busy, and after lunch most folks feel friendly. I called up by Long Distance three men I've long wanted to sell—men who have never been in my store, introduced myself in an easy friendly fashion, and offered them some real bargains. Say, do you know, two of these men came in to see me the next day and bought a good bill? They're good friends of mine now. I've got over 50 new customers like that in a short time.

"Just being neighborly is the secret of building up business. At some time or other I manage to telephone nearly every customer we've got. Does them good. Does me good. Personal solicitation is still the one best way of making a sale."

Every Bell Telephone is a Long Distance Station

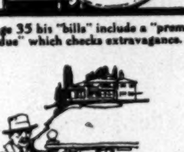
Your Finances

The Man who Saves

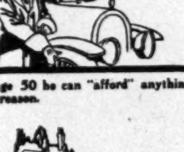
At age 19 his bills exceed his income.

At age 21 his Canada Life Policy creates a gap between income and expenditure.

At age 35 his "bills" include a "premium due" which checks extravagance.



At age 50 he can "afford" anything in reason.



At age 60 he has no anxiety for the future, and leisure for his many interests.

A man who sets aside only $200 each six months and allows it to compound at 5½% interest will have at the end of thirty years a total fund of—

Thirty Thousand Dollars

You know many people who *could* set aside $200 each six months. But—

Many a man who has had time to accumulate this moderate fortune, is still "drudging along" without it. For this reason:

Very few men will systematically "put by" a certain definite sum, and leave it untouched for any reasonable length of time. Human nature is seldom built that way.

The Canada Life Plan

Our insurance policies will provide any sum you name, to be delivered to you in cash at any age you desire, or to your Beneficiary should you die in the meantime.

You can thus anticipate the years, *capitalize* your present health and earning power, and make certain of many years' progress *now*.

The Endowment at 65

issued by the Canada Life will solve the problem of your Future.

It is a Certainty

The full amount of your Policy will be paid in any case, whether you live or die. Other investments may depreciate in value or fail. *The Endowment is a certainty.* The guarantee will take care of your home, or your business, or your personal interests, as nothing else can.

Profits Will Hasten Maturity

A special clause in this Policy provides that if the profits be allowed to remain at your credit each year instead of being withdrawn, the face of the Policy will be payable to you some years before you reach age 65.

Whatever your circumstances may be later on in life, you will welcome this fund of a few thousand dollars. You may need it then.

Ask for particulars

Canada Life
Assurance Company
TORONTO, Canada

—FILL UP— —CUT OFF— —MAIL TODAY—
Canada Life Assurance Company,
Name
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12

WHAT FARMERS SEEK IN BANKING BY GOVERNMENT

The Issue Has Not Been Put Up To The Premier of Alberta

IGNORE GOLD BASIS

Theory Advanced to U. F. A. Convention that Wealth Should be on Basis of Property Credit

By JOHN W. WARD,
Associate Editor, the Grain Growers' Guide.

The following information regarding the agitation for government banking facilities in Alberta, being pressed by the United Farmers, is given in order that Eastern bankers, business men and financiers may better understand the movement. The opinion of THE FINANCIAL POST regarding the interference of the government in such matters need not be reiterated here.—Editor.

A year ago the United Farmers of Alberta, at their annual convention at Edmonton, passed a resolution in favor of the nationalization of the Canadian banking system. This year the same body meeting at Calgary decided to ask the provincial government to take the first step towards nationalization by securing a charter from the Dominion Government and engaging in a regular banking business in competition with the existing banks. In addition the convention resolved to ask the Dominion Government to establish a loan department with power to issue Dominion notes to individuals, corporations or governments on the pledge of approved securities such as Dominion, provincial or municipal bonds, or mortgages upon inhabited, cultivated farms. These advances, it is proposed, should be made at a nominal rate of interest, sufficient only to pay the expenses of administration.

It is fairly safe to assume that neither of these proposals will find enthusiastic support in conservative financial circles. With regard to the request that the Alberta government should go into the banking business there will be those who will be disposed to say that if Premier Greenfield and his farmer supporters want to conduct an experiment they had better go to it and let the country see the result. The second proposal, however, is of a much more radical nature and is a matter of national concern. It means an increase in the Dominion note issue and loans practically free of interest. Some of our financial men, perhaps, will not be disposed to treat the suggestion seriously. But before dismissing it as as the idea of a bunch of half-baked currency cranks who think the country can produce wealth with the printing press, it would perhaps be well to examine both the idea and its sponsors a little more closely.

Both the resolutions referred to were carried by an overwhelming majority in a convention of 1042 delegates representing 37,500 members of the U. F. A. During the first three days of the convention a number of delegates particularly interested in banking and credit questions spent several hours in conference, and the resolutions adopted were the outcome of their deliberations. These men are all keen students of the banking question. They know the Canadian Bank Act, and some of them come from the United States and know from experience the system of local banks there. They know something about the federal reserve system and they can analyse a bank statement and draw some remarkable conclusions from it. They have read stacks of pamphlets about fiat money and all that sort of thing and cite such cases as the Guernsey market house, which was built apparently without cost through a special issue of paper money. One of the chief counts in their indictment against the Canadian banking system is that it places the control of money and credit in Canada in the hands of a small group of men comprising the Bankers' Association. They believe that the Bankers' Association is a soulless institution which decides which industres are to be permitted to flourish and which are to be made to feel the pinch of hard times. They believe that the directors of the banks use the deposits of the people for their own personal advantage and the advantage of their favored friends. They claim that the banks by deflating their note issue and curtailing credits its deliberately brought about the decline in the price of agricultural products which has proved so disastrous to the farmers. They maintain further that the issue of currency, whether gold, silver or paper, is a function of the state and that under no circumstances should private individuals or corporations be given power to issue money.

The group in the U. F. A. which actively advances these ideas is of considerable size, and there is no doubt that it has the support of a large body of the organization. And when one remembers what the U. F. A. accomplished in the political field last year it must be admitted that that organization is a force to be reckoned with. In the provincial election last July, the U. F. A. secured control of the legislature and placed a farmer government in power. In the federal election in December they nominated ten candidates and elected them all, while the two remaining seats in Alberta were won by independent and labor candidates who had U. F. A. endorsation.

George Bevington, who by the way was elected a member of the executive at the recent convention, is the most capable spokesman of the U. F. A. financial theorists. In moving the resolution asking for the creation of a Dominion loan department, he based his argument on the provisions of the Finance Act of 1914, under which the Minister of Finance has power to make advances of Dominion notes to chartered banks upon the pledge of approved securities. If the government can do that for the banks, he asked, why cannot they do it for the provincial governments, municipalities and farmers? As an instance he referred to a recent issue of $4,500,000 of bonds by the Alberta government, which was placed in the United States. Under his scheme the Alberta government, instead of getting its money from the United States and having to send interest payments to that country, would simply deposit its bonds with the Dominion government and receive their equivalent, or slightly less, in Dominion notes on which there would be only nominal interest to pay. Amplifying his remarks in conversation with the writer, Mr. Bevington was asked if the system proposed would not lead to inflation of the currency and consequent raising of prices, and to this he replied that it depended on how much was issued, asking in return if an increase in the prices of agricultural products at any rate would not be a good thing at the present time.

Like most advocates of an increased supply of the medium of exchange, Mr. Bevington sees no particular virtue in gold as a basis of paper money. From his point of view the real basis of all our money and credit is the wealth of the nation in farms, homes, factories and natural resources, coupled with the energy and ability of the people applied to production.

Resolutions of Alberta Farmers

"Resolved: 1—That the Alberta Government cause to be secured a bank charter, in accordance with the Federal Bank Act.

"2—That the head office of such bank be in Alberta.

"3—That the government purchase and retain capital stock in the said bank to the amount of not less than 55 per cent or more than 95 per cent.

"4—That not less than five per cent., or more than 45 per cent., be sold to residents in a prescribed area in which a purposed branch is to be located.

"5—That the government appoint a commission composed of five members, who will exercise all the rights and privileges, on behalf of the government, granted to the shareholders under the Federal Bank Act.

"6—That the commission shall have power to exercise all the privileges granted or imposed by the Federal Bank Act, subject to the director of the Alberta legislature.

"7—That such a bank, when established, shall do a general banking business and proceed to take full advantage the right to issue paper currency under the Federal Bank Act."

"Resolved: That the United Farmers of Alberta request their elected representatives at Ottawa to present a bill to the House of Commons for enactment having for its object the establishment of a loan department along the following lines:

"1—That the Treasury Board shall issue, on the terms and for the purpose herein mentioned, full legal tender notes from time to time to meet the business requirements of the country;

"2—That all such notes shall be legal tender for all and payable for all debts, public and private, and shall be a first lien upon all the assets and services of the people of the Dominion for their redemption, and all Dominion currency now issued shall be made full legal tender;

"3—That this money be loaned direct to the people at cost, on the following securities: Federal bonds, provincial bonds, urban and rural municipal bonds, on improved, inhabited and used farms, the amount so loaned not to exceed a fixed margin of safety. The range of securities upon which loans are made to be gradually extended from time to time by statutory amendment as experience and development of the system shall warrant;

"4—That upon payment to the department of any loan, the amount of money so received shall be held in the department and either cancelled or used in making new loans to meet the requirements of the country. Preference in these loans to be given to those parts where interest rates are the highest.

"5—That the earnings from the Loan Department from all sources, after paying the conservative and legitimate expenses of the department, and its branches, if such exist, shall be applied to the payment of the general expenses of the government, thus reducing taxation upon the people."

Town of Oshawa Debentures

Tenders will be received by the undersigned up until Friday, 5 p.m., February 10, 1922, for the following town of Oshawa local improvement debentures, payable in equal annual instalments of principal and interest with coupons for interest attached.

$36,448.24—20 years—6%.
86,686.92—30 years—6%.

F. E. HARE,
Treasurer.

Newman, Sweezey and Company
Limited

Dealers in Government, Municipal and Corporation Securities.

Underwriters of Public Utility and Industrial Bonds.

Investigators of Hydro-Electric and Manufacturing Projects.

HENRY NEWMAN — F. S. MOLSON
R. O. SWEEZEY — H. B. GRIFFITH

136 St. James Street,
MONTREAL.

MORE MONEY FOR BECK'S ELECTRIC LINE

Ratepayers to be Asked to Find $35,000 or $40.000 for a Dance Hall

From Our Own Correspondent

LONDON.—Once again ratepayers of London are being asked for a substantial contribution for Sir Adam Beck's favorite project, the London and Port Stanley Railway. This time the L. & P. S. Commission announce that the erection of a big dance hall at Port Stanley is needed, that plans are nearly ready and that it is proposed to go ahead with the work in the spring.

Many local tax payers and business men are furious over the matter and are asking why such a project must be undertaken at the present time, and if it must be done why it is not financed out of some of the profits of the road.

"If some of these people were spending their own money instead of other people's they would not be so fast," said one of the city's largest manufacturers to THE FINANCIAL POST. "No business man would lay out $35,000 or $40,000 on a dance hall at this time."

Another man thought that some legal action should be taken to prevent what he regards as a waste of money. This may be done according to information secured.

It was stated to THE FINANCIAL POST that this matter of building a dance hall was discussed at a star chamber meeting hurriedly called on Sunday.

AUTOMOBILES IN U. S.

Statistics compiled from as authoritative sources as possible by Automotive Industries show that a total of 10,449,785 motor vehicles were in use in the United States during 1921. These include passenger cars and trucks. The motor trucks and smaller commercial vehicles represent about 1,000,000.

GOVERNMENT SUPPORT IS GIVEN ATHABASCA

Terms of Settlement of Affairs of Town That Went Into Default

The element of provincial assistance to struggling municipalities—assistance in the form of something more tangible than government supervision and control—has been injected in the western municipal defaults situation by the Athabaska settlement. The Province of Alberta has given a guarantee of interest and principal on the new refunding debentures which are to be issued, that is accepted by the bondholders as a definite obligation by the province to see that the coupons are met.

Athabaska defaulted on its January 1917 coupon payments. The town was a "Hope" centre. It was built on the projected route of two or three railway lines and when the rails were directed in other directions Athabaska was left "stranded." Later payments that fell due were defaulted.

Now an arrangement has been entered into whereby new bonds will be issued and holders of the defaulted securities will receive debentures covering the amount of their former principal together with interest arrears and interest calculated upon the interest arrears at 3 per cent. The new debentures will be dated July 1, 1920, will pay 3 per cent. interest and will be repayable from July 1, 1931 to July 1, 1950 in twenty equal annual instalments.

The Alberta government has guaranteed payment of the debentures as long as an administration remains in charge of the town's affairs, and the understanding of the parties to the arrangement is that the administrator will remain at his post until the town runs itself and meets all obligations promptly.

PRICE REDUCTIONS PAVE THE WAY FOR BETTER BUSINESS

(Continued from Page 1)

help, and the farmer who pays more, is not wise, and will regret it before his 1922 crop is disposed of.

The fallacy of resisting the inevitable trend of prices to lower levels is exemplified in the experience of the implement manufacturing industry. This industry, which usually contracts months ahead for supplies of raw materials, found itself in the awkward position, at the beginning of the business depression last year of being heavily stocked with goods made from high-priced materials. Rather than take losses on these goods through a general cutting of prices to correspond with the reduced buying power of their prospective customers the farmers—they attempted to unload at the prevailing high price levels. The result was that business fell off, stock accumulated, and production was curtailed. Slight reductions were introduced at the end of the season, too late to be of any material benefit to the industry. The present situation and outlook was outlined this week by the general manager of the Frost & Wood Co., at the company's annual meeting at Smith's Falls. He pointed out that because of the heavy stocks of farm implements in the hands of the manufacturers and dealers throughout the country, the manufacturing program for 1922 was not likely to be a heavy one. It was stated, however, that manufacturers were prepared to supply cheaper machinery to the farmers, and prospective price reductions were mentioned—$55 on binders, $22 on mowers, and a proportionate cut on other articles.

Industrial affairs generally continue in a somewhat confused state. Further wage reductions are being effected, which together with the low prices for farm produce, tend to materially curtail buying power. While the prices of raw commodities have recovered from the extreme low point, the manufacturer in order to effect a distribution of his products, finds it necessary to reduce prices further. A further illustration of this tendency may be cited in the naming of prices by the principal woollen interests somewhat below those of last year in the face of a buoyant wool market. The principal necessity is for manufacturers to keep their plants running, and to offset by greater economy and increased efficiency the reduction in the prices of the product. A period of the keenest competition with narrower profits lies before.

The exchange situation provides the basis for optimisim. Sterling and New York funds have soared to levels which have not been attained in the past two years. This development is of the utmost importance from the standpoint of international trade, for the advance in Sterling increases the purchasing power of the English importer and the rise in Canadian funds, enables us to buy more cheaply in the United States This situation will tend to expedite the development of trade, and an accompanying revival of local industry

DIVIDEND PAYMENTS

Company	Date	Rate	Record	Company	Date	Rate	Record
Bank of Hamilton	Mar 1	1	Feb 18	Cedar Rapids ...	Feb 15	¾	Jan 31
Bank of Toronto	Mar 1	3	Feb 10	Bank of Montreal	Mar 1	3	Jan 31
East Theatres pfd	Feb 15	3½	Jan 31	Ont. Steel com..	Feb 15	1	Jan 31
Bk of Commerce	Mar 1	3	Feb 13	Royal Bank	Mar 1	3	Feb 15
Montreal L. H...	Feb 15	2	Jan 31	Dom. Bridge	Feb 15	1	Jan 31
Do Cons.	Feb 15	1¼	Jan 31	Union Bank	Mar 1	2½	Feb 13
				Home Bank	Mar 1	1¾	Feb 14
				Bank Hochelaga.	Mar 1	2½	Feb 15
				Kaministiquia ..	Feb 15	2	Jan 31

59th Annual Report of the Waterloo Mutual Fire Insurance Company

for the year ending December 31st, 1921

Receipts	
Premiums, Cash and Fees	$166,481.97
Premiums, Mutual	81,718.77
Interest	44,147.07
Rents	625.00
Re-insurance for Losses	36,061.22
Profit and Loss Account	9,227.16
	$338,261.19

Expenditures	
Losses	$155,424.55
Rebates, Cash and Mutual	18,853.08
Re-insurance	32,428.98
Commissions	41,343.26
Expenses of Management	55,180.22
Taxes (Provincial and Municipal)	3,356.13
	$306,586.22
Balance	31,674.97
	$338,261.19

Assets	
Real Estate	$ 30,000.00
Mortgages	8,000.00
Debentures	898,956.22
Agents' Balances	803.19
Cash on hand	1,841.34
Cash in Bank	7,915.94
Accrued Interest on Debentures and Mortgages	20,409.19
	$967,925.88

Liabilities	
Unpaid Losses (net)	$ 2,901.70
Re-insurance Reserve	161,616.29
Balance	803,407.89
	$967,925.88
Cash Balance over all Liabilities	$803,407.89
Premium Notes after deducting all payments thereon	238,232.07
Total Assets	1,206,157.95
Deposit with Provincial Government	50,000.00

GEORGE DIEBEL, President. — L. W. SHUH, Manager.
ALLAN BOWMAN, Vice-President. — ARTHUR FOSTER, Asst. Manager.

DIRECTORS

Geo. Diebel, Waterloo; Allan Bowman, Preston; P. E. Shantz, Preston; J. Howard Simpson, Guelph; S. B. Bricker, Waterloo; Richard Roschman, Kitchener; L. W. Shuh, Waterloo; W. G. Weichel, Waterloo; Aloyes Bauer, Waterloo.

B. E. BECHTEL, Inspector.

Waterloo, January 9th, 1922.

Bonds Are Your Best Investment

Good issues are scarce. Rising prices are predicted. This is peculiarly the prudent investor's opportunity. Buy now and enjoy all the advantages of an exceptional market. We offer the following issues. Prices on application.

DOMINION OF CANADA

Victory Loan. All issues. 5½%. At market.

PROVINCIAL

$ 25,000	Province of Ontario. 6%. Due 1930, 1935, 1941, 1943.
15,000	Province of Alberta. 6%. Due 1931, 1936.

MUNICIPAL

$140,000	County of Simcoe. 5½, 6 and 6½%. Due 1922-1948. (Guaranteeing Town of Barrie.)
17,000	Province of Ontario. 6%. Due 1922-1951. (Guaranteeing Township of Carnarvon.)
33,000	Town of Georgetown. 6%. Due 1923-1942.
11,500	Village of Waterdown and E. Flamboro Schools. 5½%. Due 1934-1938.
8,600	Township of Etobicoke. 6%. Due 1922-1938.
6,505	Town of Gravenhurst. 6%. Due 1932-1936.
9,504	Township of Thorold. 5½%. Due 1923-1926.
10,000	City of Montreal. 6%. Due 1922. (Payable in New York funds.)

Municipal Bankers Corporation

LIMITED

Government, Municipal and Mortgage Bonds

33-35 Victoria Street, Toronto

EXECUTIVE

Sir William Hearst, K.C. — Sir David Watson
Sir John Willison — G. C. Lawrence, General Manager

Province of Quebec
City of Three Rivers

Public notice is hereby given that the Council of the City of Three Rivers will receive until the thirteenth day of February, 1922, at four o'clock P.M., at the office of the undersigned, written sealed tenders, endorsed "Tenders for City of Three Rivers' Bonds," for the purchase of said City of Three Rivers' Bonds, amounting to ONE HUNDRED AND FORTY-NINE THOUSAND NINE HUNDRED DOLLARS ($149,900.00), issued for various purposes, under several By-Laws, duly approved according to law, viz.:

A. By-Law 413, $90,100.00, dated November 1st, 1921, maturing in ten years from their date, bearing interest at the rate of 6% per annum, payable semi-annually on the 1st day of May and of November in each year;

B. By-Law 414, $59,800.00, dated November 1st, 1921, maturing in ten years from their date, bearing interest at the rate of 6% per annum, payable semi-annually on the 1st day of May and of November in each year;

Both the principal of these debentures and the interest thereon are payable at the holder's option at the chief office of the Bank of Hochelaga, in the City of Montreal, Province of Quebec, or at any of the branches of the said Bank of Hochelaga in the City of Three Rivers, or in the City of Montreal, or in the City of Quebec. The said tenders will be considered at the meeting of the Council of the City of Three Rivers, the thirteenth February, 1922, at eight o'clock P.M., or so soon thereafter as the Council or one of its Committees can do so. Every tender must be accompanied by a certified cheque equal to one per cent. of the par value of the issues. After the opening of the tenders, the cheques deposited by the tenderers whose offers are not accepted shall be handed back to them without delay; that of the tenderer whose offer is accepted shall be handed back to him after the execution of his contract.

Every tender shall specify whether the price offered does or does not include the interest accrued on the debentures at the time of their delivery. The City of Three Rivers does not bind itself to accept any of the tenders.

THREE RIVERS, this twenty-third day of January, 1922.

ARTHUR NOBERT,
The Treasurer of the City of Three Rivers.

MANY COUNTRIES ADVANCING THEIR TARIFF CHARGES

One Reason For Adjustments Policy of Many Governments

MEETING EXCHANGE

An After War Economic —Another Argument is That Labor Must be Protected From Cheap Imports

That the United States is only one of many countries that have considered or are putting into effect increased tariffs is shown by an examination of the reports of tariff changes the world over, published regularly in the official Journal of the Board of Trade of Great Britain.

In France last year there was a general revision of the tariff which advanced nearly a.l the coefficients by which the specific rates of 1913 are multiplied. This system of coefficients is common in France. Each city, for example, has its standard efficients. In the case of tariffs, the prices of building materials. As standard prices are multiplied by cocosts of production increase these new coefficients by which the 1913 rates are multiplied vary from 3 to 10. Belgium, likewise, emp.oys this system of increasing tariffs, and the government announces that it is about to make a thorough revision of rates of duty.

To Meet Exchange Variations

Italy put into effect new and higher general customs tariffs last summer, the increases being intended to compensate for higher cost of production in Italy as compared with other industrial countries competing with her producers in the Italian market. In Italy, and also in Spain, there is a surtax which is intended to compensate for the varying exchange value of the currency. The value of the lira in New York is the basis for the appiication of this surtax in Italy, the tax being fixed every two weeks by the Ministry of Finance. Spain, where duties have been increased from 50 to 400 per cent. in the past 14 months, determines the rate of surtax every month on the relation of her currency to the pound sterling.

Switerland, Esthonia, Latvia, Lithuania and Sweden have also increased their tariffs, while Denmark and Finland are in process of revising their tariffs upward.

British Dependencies Increase Tariffs

It is noteworthy that several divisions of the British Empire have surrendered to what appears to be a world-wide impulse towards the erection or tariff bariers. India largely increased her tariffs in 1921, and Australia, following new duties fixed in 1920, has made several increases in the past year. Canada is likewise planning higher tariffs. So is South Africa and New Zealand. In South America, Peru, Bolivia and Chile have increased their customs and other countries are, according to report, planning to do so. Japan increased her duties in 1920, and put into effect a further increase last year.

In some of the nations cited above, the effort has been to exclude articles of luxury; in other words, to conserve the resources of the people rather than to exciude foreign goods that might be considered as competitive with home products. But in general the effort is obvious to retain the home market to the greatest extent possible for the benefit of the home producer. Fear of German competition in particular is quite general, these two considerations apparently outweighing the argument that a nation cannot hope to sell unless it buys.

New Barriers Emergency Measures

A free trade observer such as the London Economist finds in all this a striving after "economic self-containment which, if it were possible, wou.d result in economic death." It is not necessary to go so far as this in characterizing current tariff tendencies, but it is evident that building trade barriers higher is not a sensible step towards world economic adjustment, and these barriers cannot, therefore, be considered permanent, but rather as desperate measures of a disturbed period.

GOLD AND SILVER

Shipments Between Canada and The United States

From Our Own Correspondent

NEW YORK.—Between January first and December tenth, according to the Federal Reserve Board, of last year Canada shipped gold to the United States to the amount of $34,586,476. This total was only slightly larger than that for the same period in 1920, when it was $34,064,000. Gold exports from the United States to Canada during the same period in 1921 were small, totalling $2,770,648. In 1920 the total exports were $5,477,000.

Silver imports from Canada were also larger than they were in 1920. During the period from January first to December tenth, $3,643,459 of silver was imported from Canada. Exports totalled during the same period $4,038,000. In 1920 the import total was $3,480,000. In 1920 exports totaled $7,017,000.

Total gold imported during the period was much greater than it was during the same period in the preceding year. It totalled $670,719,000 as against $384,256,000 in 1920. During 1921 a marked decrease occurred in gold exports. For the period of 1921 under discussion gold exports totalled only $21,930,000 against $316,631,000 in 1920.

HOW STEEL WORKERS' WAGES WERE SLICED

Are Now Only Fifty Per Cent. Above the Level Of 1914

Wages in the iron and steel industry and principal metal trades, figured on a basis of general averages, are down to a point only 50 per cent. above the level of 1914, according to The Iron Trade Review. Sheet mill workers employed by those companis having an agreement with the Amalgamated Association of Iron, Steel and Tin Workers, are receiving but 18 per cent more than the 1914 base rate. At the peak in 1920, they received 109.5 per cent. more than the 1914 rate Tin mill workers are down to 30 per cent., from 96.5 per cent., at the peak in 1920. Iron mill workers, including puddlers, are 47.9 per cent. above 1914. Their wages when highest in 1920 were 216.8 per cent. above 1914.

Wages paid machinists in the principal districts of the country show a general average of 55 per cent. above the level of 1914. At the peak in 1920 the average was 125 per cent. greater than that of 1914. Union molders in December showed the highest rate, compared with what they received seven years ago. The average was 99.1 per cent. above 1914. while the highest wages they were paid in 1920 averaged 135.7 per cent. over 1914.

Wages in general in the iron and steel industry have been reduced more than 40 per cent. from the peak figures attained in 1920.

The average monthly wage paid in iron and steel plants for the 11 months to Dec. 1, 1921, was $100.68, as compared with the average of $151.06 the year 1920.

The total wage outlay of 113 plants for the 11 months to Dec. 1, 1921 in the iron and steel industry was approximately $11,790,476. This compares with a total of $26,031,766 for the full year of 1920 for 105 plants.

AMERICANS SPEND LESS FOR LUXURIES

Amount of Money Sent Out of Country Greatly Reduced During Last Year

Even the importers of luxuries in the United States are reducing materially the sums of money which they are sending out of the country for the classes of articles which may be properly included under that term "luxuries." Taking 50 principal imported articles or groups of articles usually included under that general title, it appears that their value in 1921 totals only $330,000,000 as against $525,000,000 in 1920, an apparent reduction of about 37 per cent. in the amount of money sent out of the country for luxuries in 1921 when compared with 1920.

This fall off in importation of luxuries says the Trade Record of The National City Bank of New York, is due in part to smaller quantities of the articles brought in and in some cases to lower prices, though in this class of merchandise the reduction in price comes more slowly than in many other classes of articles imported, especially manufacturing materials and foodstuffs, which show a much larger fall in prices than do the finished articles and especially those classed as luxuries. In automobiles imported, for example, the number brought into the country in the 11 months ending with November, 1921, is only 498 against 853 in the same months of the preceding year; plushes and velvets of cotton 301,000 yards against 955,000 in the same months of last year; silk plushes and velvets 226,000 pounds against 354,000; tapestries 2,726,000 square yards against 8,897,000; lace curtains 900,000 square yards against 1,382,000; crude meerschaum for use in manufacture of pipes 1,731 pounds against 13,386; patent leather 56,408 pounds against 104,908; silk ribbons 6,508 yards against 10,762; marble and onyx 368,000 cubic feet against 416,000; confections 768,000 pounds against 1,084,000; undressed furs and fur skins 68,670,000 against 127,980,000; feathers and downs 2,000,000 pounds against 3,500,000; leaf tobacco 47,979,000 pounds against 78,848,000; platinum unmanufactured, 41,000 ounces against 56,000; mother of pearl shells 2,830,000 pounds against 7,468,000; buttons of pearl or shell 1,303,000 gross against 4,992,000; uncut diamonds 34,000 carats against 119,000; and diamonds cut but not set 239,000 carats against 292,000 in the corresponding months of 1920.

Canada's Railway Problem

National Roads Should be Turned Over to Private Company in Few Years' Time—Must Cut Away Dead Wood Ruthlessly — Road Would in Time be Successful— C.P.R's. Early Struggles Encouraging Precedent

By W. F. TYE, Consulting Engineer, Montreal.

I, for one, feel no doubt that if the Government will imitate the wise policy of Sir John Macdonald, the greatest constructive statesman that Canada has ever had, and will turn the railway over to a private company in some few years' time when such a thing is possible, and that if the company will take out its pruning knife, ruthlessly cut away the dead wood, and if it will use every economy, never spending a dollar until justified, and when it is justified, spending freely, and if the Railway Commission will remember that the freight rates on this continent are the lowest in the world, and will not club the company over the head with unjustifiably low rates every time it gets its head above water, that the road will in time be successful, but under the best of conditions it will take time, as there have been too many mistakes made in the past for immediate results.

Please remember, gentlemen, that the margin of success of even the most successful road is a very, very narrow one indeed, and such success cannot be obtained under Government operation. The political is not a good atmosphere in which to grow successful railroads.

That Canada's railway problem is a very large and a very difficult one is well known—as everybody knows, over 50 per cent. of our railroads have become bankrupt and have had to be taken by the Principal creditor —the Government, and the Government operating these roads, have piled up deficits which, including interest on the cost of the Government-constructed roads at 4 per cent. aggregate about 230 millions in the three years 1919, 1920, and 1921.

Thinking people should seriously ask themselves what are the underlying causes which have led to such a deplorable condition. In my opinion these causes were ignorance or misconception of Canada's actual railway needs both by the people and by the Government, and ignorance or misconception by the actual railway builders themselves of the character of the roads required. The insane policy of successive governments in giving first, huge gifts of money, then land, and, later on, in guaranteeing the bonds of practically any railway company that asked.

This policy made it easy for any Company, however weak, to finance, and led to a debauch of construction, that has given Canada a railway mileage far in excess of its needs.

Canada with a population of about 8½ mi'lions has a greater railway mileage than Great Britain and Ireland with a population of 42,000,000, or France with a population of 40,000,000, or Austria Hungary with a population of 50,000,000; greater than Germany with a population of 70 to 80 millions, and almost as much as the widely extended Russian Empire with a population of 170 millions; and with a population of 1/13th that of the United States, the railway mileage is 1/6th as great. We thus have per head of population a railway mileage more than twice as great as that of the United States; eight or nine times as great as that of the United Kingdom, France. Austria-Hungary, or Germany before the war and about 20 times as great as the Russian Empire. There is thus no reason whatever that we should not have a railway problem, and that the railway problem will not continue until our population is very much increased.

A misconception

I have said that one of the reasons why the problem has come upon us was the misconception of the railway builders themselves of the character of the roads required. I propose to show briefly why I think the Grand Trunk Pacific has been such a failure, which you know has had disastrous consequences to your own road.

Going back to 1902 or 1903, when the Grand Trunk decided to go into the Northwest, that Company had a road that entered almost every city, town and village in Ontario, and many in Quebec and Michigan. It served its territory as well and faithfully as did or does any railway company in America. It was and is a good road, perhaps not as spectacular as the Canadian Pacific Railway, but a very good road indeed. It had in years gone by been managed from London by English managers, but it had by this time a general manager who thoroughly understood Eastern American railroad conditions. It was earning and paying dividends on most of its securities and it appeared to be well out of all its past troubles. It then decided to enter the Northwest and unfortunately decided to build the character of road required in the East. The people at the head of affairs knew that in the East they had a big traffic, and that their principal difficulty had been to get money to make the necessary improvements to handle this large traffic, to reduce their grades, lengthen their side tracks, extend yards and terminals, etc., etc. They determined to build a road in the Northwest which would not need all these improvements.

They knew they had a big traffic in the East, but they did not realize that traffic in the Northwest was very scarce indeed, more especially in the newer districts which they would have to serve. They did not know nor did they realize that the Canadian Pacific Railway had never built in the West which at the date of completion justified the running of more than one train a day, each way; that most of them would only justify three trains a week, each way, and these were 8 or 10 car trains, not 50 to 60 car trains, such as we have in the East. Under such conditions the most important consideration was to build the cheapest line possible, not the best, as the fixed charges were the important consideration, not operating expenses.

G. T. P. Extravagance

The Company should, of course, build the best road that the ingenuity of the engineer could get, but without extra expenditure of money. The Grand Trunk went ahead with this character of road; it built a main line which cost over $100,000 per mile, spent all its money on it, and could only provide a very small

(Continued on page 19)

—Darling in N. Y. Tribune.

Some Fellow Can Always Use Something in Discard.

Fifth Annual Report of the Brompton Pulp & Paper Company Limited

For year ending October 31, 1921

Directors:

F. N. McCREA, M.P., President; H. W. BEAUCLERK, Vice-President; W. N. MUNROE, Treasurer; J. A. BOTHWELL, General Manager; J. N. GREENSHIELDS, K.C., C. C. WILSON, E. W. TOBIN, M.P., H. E. MUNROE; E. LANGUEDOC, K.C., T. McAVITY STEWART, C. G. GREENSHIELDS, K.C.

PROFIT AND LOSS ACCOUNT

As at October 31st, 1921

EARNINGS—		
After deducting Management, General Expense, Insurance, Sales Department, Income Tax		$1,097,784.45
DEDUCT:		
Depreciation	$244,000.00	
Bond Interest	200,774.00	
Preferred Stock Dividends	155,000.00	
Common Stock Dividends	385,000.00	
		$ 984,774.00
Surplus		$ 113,010.45

Audited and Approved—J. H. BRYCE, Certified Accountant.

BALANCE SHEET

As at 31st October, 1921

ASSETS

Fixed:		
Freehold and Leasehold Timber Lands, Real Estate, Buildings, Water Powers, Mills, Milling Plant, Warehouses, Craft, etc., less Depreciation		$11,001,824.71
Current:		
Inventory of Logs, Pulpwood, Lumber, Paper, Cardboard, Pulp, Raw Materials, Supplies, etc.	$3,130,931.52	
Less written off for decline in values	944,964.59	
	$2,185,966.93	
Accounts Receivable, less Reserve	1,138,756.32	
Cash in Banks	176,401.95	
		3,501,125.20
Investments		2,116,792.64
Deferred Charges to Operations		26,016.96
		$16,645,759.51

LIABILITIES

Shareholders' Capital:				
Preferred:				
Authorized and issued 20,000 Eight Per Cent. Cumulative Preferred Shares of $100 each, fully paid			$2,000,000.00	
Common:				
Authorized 210,000 shares no par value; issued and fully paid, 140,000 shares no par value			7,000,000.00	
				$ 9,000,000.00
Six Per Cent. First Mortgage Sinking Fund Bonds, due 1927:				
Authorized		$1,000,000.00		
Redeemed		751,000.00		
			$ 249,000.00	
Six Per Cent. First Consolidated Mortgage Sinking Fund Bonds, due 1935:				
Authorized		$2,000,000.00		
Unissued	$294,000.00			
In escrow to provide for 1st Mortgage 6% Bonds due 1927	249,000.00			
Redeemed	513,000.00			
		1,056,000.00		
			944,000.00	
Six Per Cent. General Mortgage Sinking Fund Bonds, due 1939:				
Authorized		$1,000,000.00		
Redeemed		30,000.00		
			970,000.00	
Convertible Eight Per Cent. Mortgage Sinking Fund Bonds, due 1941:				
Authorized		$3,000,000.00		
Issued			1,750,000.00	
				3,913,000.00
Current Liabilities:				
Bills Payable:				
Bank Loan under Section 88			$875,000.00	
Sundry Trade Bills			751,352.96	
Balance Notes for Timber Land Purchases due 1922 and 1923			229,000.00	
Accounts Payable:				
Sundry Trade Accounts			478,642.73	
Pay-rolls and other Charges Accrued, including appropriation for Income Tax			547,138.13	
Preferred Dividend: Payable Nov. 15th, 1921			40,000.00	
				2,921,133.82
Profit and Loss Account:				
Profit for year to date			$1,097,784.45	
Deduct:				
Depreciation		$244,000.00		
Bond Interest		200,774.00		
Preferred Stock Dividends		155,000.00		
Common Stock Dividends		385,000.00		
			984,774.00	
			$ 113,010.45	
Add:				
Balance of Profits brought forward from Oct. 31st, 1920		$1,643,579.83		
Less:				
Decline of Inventory Values		944,964.59		
			698,615.24	
				811,625.69
				$16,645,759.51

Contingent Liabilities:

Bills Receivable under discount, $284,933.22.

I have audited the accounts and vouchers of the Brompton Pulp & Paper Company, Limited, for the year ending October 31st, 1921. I have received all the information and explanations that I have desired, and in my opinion this Balance Sheet is drawn up so as to exhibit a true and correct view of the state of the Company's affairs according to the best of my information and as shown by the books of the Company.

J. H. BRYCE, Certified Accountant.

Approved on behalf of the Board,
H. W. BEAUCLERK, Director. J. A. BOTHWELL, Director.

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS.

Montreal, December 30th, 1921.

Your Directors submit herewith the Fifth Annual Report of the Company, together with Balance Sheet, as at the 31st day of October, 1921.

The Financial Statement for the year shows earnings, after all Expenses and taxes of $1,097,784.45; from which amount is deducted Depreciation, $244,000.00; Bond Interest, $200,774.00; Preferred Stock Dividends, $155,000.00; Common Stock Dividends, $385,000.00; leaving a balance of $113,010.45 carried forward to the credit of Profit and Loss Account.

Fixed Assets have increased by over $2,000,000.00.

Your Directors deemed it wise to write down the inventory to present day prices, and have, therefore, written off same the sum of $944,964.59, which amount has been deducted from the Profit and Loss Account.

In May last the issue of $2,500,000.00 8% Convertible Sinking Fund Bonds was made to reimburse the Company in part for the amount spent on plant and property. Improvement in Sales and in the Company's current financial position permitted the restriction of this issue to $1,750,000.00, at which figure it now stands.

It is proposed that the fiscal years of your Company, and its subsidiaries, should be made to coincide in order that a Consolidated Balance Sheet and Profit and Loss Statement may be issued in the future.

Your Board of Directors wishes to express its appreciation of the manner in which the staff and general organization of the Company have carried out their duties during the past year, which has been the most trying one in the history of the Company.

Submitted on behalf of the Directors.

F. N. McCREA,
President.

MANY WHOLESALE PRICES ARE BELOW PRE-WAR LEVELS

Comparison of Position of Some Basic Commodities with Jan. 1922

RUBBER HIT WORST

Steady Slump Since 1913—Copper and Hogs Below Line—Iron and Steel Still High

From Our Own Correspondent

MONTREAL—An instructive table has been prepared by the National Bank of Commerce of New York giving comparisons of wholesale prices from 1913 up to January 1922. This will prove of service not only to business men generally but to investors who are enabled to figure out just how far the process of deflation of prices has progressed since the peak was reached in 1920. In a number of instances prices of January 1922 are found to be at least as low as those of January 1914 and in some cases are even below these. Where this is the case it seems only natural to assume that a reaction towards a somewhat higher level may be looked for unless at the moment unusual conditions are tending to depress the market.

In the case of cattle the price per 100 lbs. was $8.60 in January 1914 and reached the highest point in October 1919 at $16.80. The price in January 1922 was below the 1914 price at $7.00.

Anthracite coal was $2.25 per ton in 1914 and reached the highest mark of $8.50 in October 1921 and dropped to $8.00 in January. Bituminous coal at the mine was $1.30 in the Pittsburgh district in 1914 and rose to a high mark of $10.00 in July 1920 and was back to $2.00 in 1922.

Copper was $14.⅛ in 1914 and reached a high price of $22.¼c in October 1919, a low of $12.⅝ in July 1921 and was 13.⅝ in January 1922.

Cotton fell below the 1914 price last year but was up about 3½ cents in January. Iron and steel in the form of pig iron rose from $12.50 per ton to a high of $46.00 in 1920 and is now down to $18.25.

Rubber showed the most drastic decline. It started off in 1913 at $1.11 per lb. for Para, and in 1914 fell to 63 cents and from then on declined steadily until it reached 16½ cents in 1921, while in January 1922 the price was 22½ cents or less than 1-5 of the 1913 price.

How Prices Have Moved

Commodity	Jan. 1914	Highest Level	Jan. 1922
Cattle, per cwt.	$8.60	$16.80 Oct. '19	$7.00
Coal, Anthracite at mine ..	4.00	8.50 Oct. '21	8.00
Bituminous .	1.30	10.00 July '20	2.00
Copper, cts. lb.	.14⅛	22¼ Oct. '19	.13⅝
Corn, per bu. .	.62½	1.92 July '19	.48
Cotton, spot, cts. ..	.12.8	41.5 Apr. '20	16.5
Hogs, per cwt. Chic.	8.25	22.10 July '19	7.75
Iron, pig, ton	12.50	46.00 July '20	18.25
Steel, billets .	20.00	65.00 July '20	28.00
Lead, pig, cts.	4.10	9.00 Apr. '20	4.7
Petroleum, crude, bbl. .	2.50	6.10 July '20	3.25
Rubber, para, lb. ..	.73	16½ July '21	22½
Silk, N.Y., lb. .	3.80	16.25 Jan. '20	7.90
Sugar, N.Y., lb.	3.29	18.56 Apr. '20	3.61
Wheat, No. 1, N Chic. ..	.91½	3.10 Jan.'20	1.26⅜
Wool, lb.	.56	2.35 Apr. '20	1.03
Zinc, lb.	5.10	21.0 July '15	4.75

Owing to the fall in the cost of tinplate, which is selling at $4.75 for a 100-pound box, against a high of $12 during the war, American Can Co. has promulgated a new schedule of prices, effective January 11, with reductions ranging from $4.80 to $17.85 per 1,000 cans from the prices placed in effect in January, 1921.

MINING STOCK QUOTATIONS

Week Ending January 31

	High	Low	Close	Sales
Adanac . . .	1¼	...	...	4,000
Apex	1½	...	...	1,000
Atlas	11	9¼	11	9,000
Bailey	2¼	...	...	2,000
Beaver. . . .	21	20	20	4,300
Coniagas . .	1.35	...	...	50
Cons. Smelters	20½	19½	19½	1,077
Cr. Reserve..	14	11	11	3,000
Dome Ex. ..	78	...	...	200
Dome Lake ..	6	...	...	7,500
Dome Mines	23.50	22.00	23.05	2,360
Gifford . . .	½	...	...	4,000
Gold Reef ..	2	1¾	1⅞	9,500
Gt. North. ..	2½	...	...	2,000
Hattie . . .	20	...	...	3,000
Hillcrest com	64	64	64	50
Hollinger . .	7.95	7.93	7.94	3,100
Hunton . . .	8	6¾	6¾	5,500
Keora	10¼	9	9¾	16,000
Kirk. Lake..	32	31	31	19,000
La Rose . . .	35½	33½	33½	12,500
L. Shore ...	1.35	1.32	1.33	15,700
McK. Darragh	18	17¾	18	8,000
McIntyre . .	2.45	2.25	2.30	49,100
Mining Corp..	1.04	1.00	1.04	2,420
Moneta . . .	12	10	11½	12,000
Newray	7	6⅞	7	13,500
Nipissing ..	6.65	6.20	6.20	965
Ophir. . . .	1	...	...	3,000
Peterson L ..	5¼	5	5¼	5,000
Porc .Cr. ...	15	14½	15	6,500
Porc. Imp..	½	⅜	½	5,000
Porc. V.N.T..	20¾	19	20½	22,000
Prest E Dome	3	2¾	3	4,000
Schumacher..	35¼	32½	33½	17,000
South Keora.	30	25	29	10,500
Teck Hughes	30	27½	28½	104,000
Temiskaming	34	...	...	2,700
Thomp. Krist	2	1¾	1⅞	9,500
Trethewey . .	7¼	6	6½	32,500
W. Dome ..	7¼	7	7	13,500
Wasapika . .	3	2¼	2¾	4,600

CONSOLIDATED SMELTERS

1921 Production in Lead and Zinc Totals 110,182,380 pounds—Record

Preliminary figures of production by the Consolidated Mining & Smelting Co., for 1921, indicate that this company has exceeded all former production records. With an increase of almost 57,000,000 pounds in lead and zinc the total production for the year of these metals amounted to 110,182,380 pounds, this despite the fact that the average spot value had been reduced to 4.1 cents as compared with 7.2 cents for 1920, according to the Canadian Mining Journal. This company has in addition a large production of gold, silver and copper, which serve to swell the gross receipts. The following is a comparison of production and values for the past two years:

Quantity

	1920	1921
Gold, oz.	42,636	51,037
Silver, oz...	1,097,930	1,173,890
Copper, lbs.	4,501,594	3,556,517
Lead, lbs.	26,474,652	57,051,110
Zinc, lbs.	36,995,394	53,131,270

Value

	1920	1921
Gold	$ 902,714	$1,083,232
Silver	1,281,549	791,985
Copper	601,748	306,754
Lead..	1,730,024	1,960,999
Zinc	2,810,890	2,551,895

$20,000,000 INCREASE IN SHAWINIGAN CAPITAL

Application at Quebec Anticipates Extensive Power Developments Next Few Years

From Our Own Correspondent

MONTREAL.—Big plans are under way in connection with the development of the Shawinigan Water & Power Company of this City in the next few years. In order to cover these, legislation is being asked at Quebec for power to increase the capital stock of the Company from $20,000,000 to $40,000,000. Inquiry made by THE FINANCIAL POST of the company drew forth the statement that no definite date had been set for extensions, and naturally these will depend on the improvement in general business conditions. The plans include the development of Gres Falls power a few miles from Shawinigan Falls; the building of additional transmission lines, etc. The Legislature is being asked to authorize the $40,000,000 capitalization with power given to the shareholders to arrange for issues of portions of this increase from time to time as required. The last increase was made in 1917 when the capital was increased from $15,000,000 to $20,000,000. The last report of the Company showed assets of $39,566,570 and net working capital of $2,000,000. The company is paying a 7 per cent. dividend.

In some circles this movement is assumed to be a reply to the activity shown by E. A. Robert of Quebec in connection with the development of Carillon power.

NICKEL'S OUTLOOK IS NOW IMPROVED

Liquidation of Monell Holdings Said to Have Affected the Stock Market

The conspicuous sluggishness of International Nickel common stock during the recent advance in mining shares is believed in New York to be due to liquidation of part of the holdings of the late Ambrose Monell, the president of the company, who died in May of last year.

Physically and financially the International Nickel Co. is in good condition. Its business, however, was adversely affected by the same factors that brought about the closing down of copper, zinc and lead mines, early last year, viz., a huge surplus of metal left by the war and inability of general business to take care of current production, to say nothing of whittling down surplus stocks.

The recovery in nickel has been slower if anything than in copper and zinc, with the result that the International Nickel Co. is today operating at not over 30% capacity. In the six months ended September 30—the first half of its fiscal year—Nickel reported an operating loss of $48,412 which after depreciation, depletion and the 6% dividend on the $8,912,000 preferred stock resulted in a deficit of nearly $700,000.

This poor showing of earnings, however, is overshadowed by the strong condition of the company's finances. On the last of September net quick assets amounted to $13,100,000, of which cash and call loans amounted to nearly $2,000,000. This is equivalent to $8 per share on the 1,673,000 shares of common stock, $25 par, compared with the current market of 11½ to 12.

It is good trade opinion that nickel has turned the corner for the better. When business is normal, the International Nickel Co. can demonstrate large earning capacity. The business is not so hazardous as other branches of the mining industry, and provided one does not need an immediate income a purchase of the common stock of the International Nickel Co. at this level is very likely to show considerable profit.

BIG HOLDINGS OF STEEL IN HOLLAND

Canada Stands Third of Foreign Stock Holders in Big Corporation

By a narrow margin Dutch interests succeeded in maintaining second position among the foreign holders of United States Steel securities, and Canadian holdings to an aggregate par value of $6,002,100 at the commencement of 1922 continued the third most important foreign holding in America's vast industrial enterprise.

Current Canadian holdings of the securities of the United States Steel Corporation represent a $3,138,200 (par value) liquidation since the peak point of Canadian investment in this foreign industrial was reached immediately prior to the war's end, when the total of Canadian holdings was $9,160,300 (par value). In 1921 the Canadian liquidation approximated $387,000. At the year-end Canadians held 30,885 common shares and 29,136 preferred shares, a combined total of 60,021 shares compared with England's 222,034, Holland's 60,296 and France's 30,246.

These figures have come to be regarded as the most reliable indication of the trend of Canadian foreign investments. Operators upon the Canadian Stock Exchange have always been partial to the United States Steel stocks as an international nest egg. Our foreign investments obviously have never been extensive, for the good reason that as a young and growing nation Canada has had need of all available capital for her own development. However a certain amount of funds has from time to time found its way abroad. In the United States Canadian investors have placed capital in several well known public utilities—Detroit United, Duluth-Superior, Twin City Traction and some lesser industrials.

The exchange situation of the past two years has militated against the placing of Canadian capital abroad, a fact that has of course had a favorable reaction within the Dominion. On the other hand the existing premium on New York funds has given an added incentive to the withdrawal of Canadian holdings of American securities, and the return of the previously employed capital to Canada. Since the armistice there has been a gradual reduction, until on July 1 last, the Canadian investment in United States steel had declined to $5,980,000 (par value) —the lowest level since before the war.

WORLD STEEL PRODUCTION

Perhaps never again will the world's iron and steel production sink to the level of 1921. According to statistics compiled by The Iron Trade Review, the world's output of pig iron last year was 35,810,000 gross tons and the production of steel ingots was 40,731,000 gross tons. These figures compared with 60,635,400 tons of pig iron and 68,321,000 tons of ingots in 1920. In 1913 the world produced almost twice as much steel and more than twice as much pig iron as it did last year the figures for the pre-war year being 74,629,000 tons of ingots and 76,594,000 tons of the primary metal. Under the whiplash of the war's insatiate necessities steel output was pushed up to 82,650,000 gross tons Last year just about half this amount was reached. Similar comparisons could be made with pig iron.

The Toronto Railway Company

REPORT OF THE PRESIDENT AND DIRECTORS

For the Year Ending 31st December, 1921

To the Shareholders:

YOUR Directors present herewith the Thirtieth Annual Report, together with Balance Sheet and Profit and Loss Account of the Company, for the year ending 31st December, 1921.

Gross Earnings, eight months to 31st August, being end of franchise		$5,130,431.52
Charges for operating, maintenance, etc.		4,782,490.44
Net Balance from Operation		$ 347,941.08
Deficit carried forward		997,299.47
		$1,345,240.55
Other Charges:		
Bond Interest	$ 113,624.54	
War and Provincial Government Taxes	38,890.54	
		$ 152,515.08
Payments to City:		
Percentage on Earnings	$1,004,893.86	
Pavement Charges	65,832.53	
General Taxes	121,999.08	
		1,192,725.47
		$1,345,240.55

Re Clean-Up Deal

The proposed sale to the Hydro Electric Commission of Ontario of the power and radial railway interests of the Company as outlined in the circular letter dated the 22nd September, 1921 (a copy of which was mailed to each shareholder at the time), was presented at the Annual Meeting of the Shareholders of the Company held on Friday, the 30th September, 1921, when the recommendation of the Directors to dispose of the Company's interests in the several subsidiary companies was unanimously approved.

The lawyers representing the Commission, the City and the Company, owing to the vast amount of detail work, which includes the searching of several thousand separate parcels of property covering at least two hundred and fifty miles of right-of-way of transmission lines and radials running through the various municipalities, have not yet completed their work, and it looks now as if an agreement satisfactory to the parties may be completed within a few weeks, when it will require to be submitted to the Trustees for the Bondholders in London for ratification.

Your Directors are doing everything in their power to conclude this matter as soon as possible.

Re Toronto Railway Arbitration

The franchise of the Company expired on the 1st day of September, 1921. The arbitration between the City and the Company in connection with the taking over of the railway system has been proceeding as rapidly as possible during the past few months, but is not yet completed. The large amount of evidence which it has been found necessary to furnish as to the value of the Company's properties is occupying a great deal of time, but the presentation of its case is about complete.

The City is asking for one month's adjournment before commencing to put in their evidence. How long they will require in this connection is doubtful, but it looks as if several months must elapse before the Arbitrators can make their award.

As soon as this has been done the Shareholders will be notified of the result.

The expense of the arbitration and that of the Clean-up deal will be very costly to the Companies, but this cannot be avoided.

Re Bonds Due August 31st, 1921

The 4½% First Mortgage Bonds of the Company fell due on the 31st day of August, 1921. The original issue was for $4,550,000, which has been reduced by operation of the sinking fund to $2,274,360. As the amount to be paid to the Company by the City of Toronto under the arbitration proceedings will not be received for some time, payment of these bonds has been delayed, and your Directors decided that having regard to current money rates and as a matter of fairness to the Bondholders the Company will pay interest at the rate of 6% per annum for the time which must elapse before payment of the said Bonds.

During the year the Company sustained a great loss through the death of Senator Frederic Nicholls who had rendered valuable service as a Director and Vice-President of the Company since 1903.

The regular monthly audit and verification of the books, accounts and vouchers was made by W. S. Andrews & Co., Chartered Accountants.

For the information of Shareholders your Directors desire to say that so far as can be seen the only business to be transacted at the Annual General Meeting of the Company on Wednesday next, February 1st, will be the adoption of this report and the election of Directors for the ensuing year.

Respectfully submitted,

WILLIAM MACKENZIE,
President.

THE TORONTO RAILWAY COMPANY

Revenue Statement

For Year Ending 31st December, 1921

Gross Earnings		$5,130,431.52
Operating, maintenance, etc.	$4,782,490.44	
Interest on Bonds	113,624.54	
Percentage on Earnings	1,004,893.86	
Pavement, Taxes	226,722.15	
		6,127,730.99
Deficit		$ 997,299.47

Profit and Loss Account

For Year Ending 31st December, 1921

Balance from last year	$5,161,100.97
Deficit after payment of all expenses, interest, taxes, etc.	997,299.47
Balance	$4,163,801.50

Comparative Statement
1921-1920

	1921	1920
Gross income (8 months)	$5,130,431.52	$7,909,891.86
Operating, maintenance, etc.	4,782,490.44	6,626,508.04
Net earnings	347,941.08	1,283,383.82
Passengers carried	135,947,869	197,346,726
Transfers	53,086,895	77,911,713
Percentage of charges, etc., to passenger earnings	93.2	84.2

Balance Sheet
As of 31st December, 1921

ASSETS

Road and Equipment	$19,681,278.56	
Expenses paid on account of arbitration proceedings	212,606.01	
		$19,893,884.57
Advances to subsidiary companies		1,800,076.01
Stores		107,926.13
Accounts Receivable		190,165.94
Cash in hand and in bank		485,935.25
		$22,477,987.90

LIABILITIES

Capital stock		$12,000,000.00
Bonds		2,274,360.00
Mortgage		70,000.00
City of Toronto on account purchase		2,000,000.00
($1,000,000.00 of this sum was paid City of Toronto by order of the court on account of percentage due them.)		
Accounts payable		808,212.15
Accrued interest on bonds		45,487.20
Reserves:		
Judgments and fines given against the Company but still unpaid, other than injuries and damages	$225,539.22	
Provision for renewals	166,650.88	
Ticket redemption	356,927.02	
Injuries and damages	367,009.93	
		1,116,127.05
Profit and Loss		4,163,801.50
		$22,477,987.90

Board of Directors

President
SIR WILLIAM MACKENZIE

Vice-President
LT.-COL. THE HON. FREDERIC NICHOLLS

BRIG.-GEN. SIR HENRY M. PELLATT, C.V.O.
HON. C. P. BEAUBIEN E. R. WOOD
GEO. H. SMITHERS HUGH MACKAY, K.C.
HERMAN H. PITTS
FRANK W. ROSS

R. J. FLEMING, General Manager
J. C. GRACE, Secretary-Treasurer

Statistical Statement for the years 1911 to 1921

Comparative Statement	1921 (8 months)	1920	1919	1918	1917	1916
Gross Income	5,130,431.52	7,909,891.86	7,234,895.38	6,526,302.37	6,291,759.06	5,973,161.27
Operating, maintenance and other charges	4,782,490.44	6,626,508.04	5,655,658.57	4,509,651.33	3,815,277.82	3,350,657.87
Net earnings	347,941.08	1,283,383.82	1,579,236.81	2,016,651.04	2,476,481.24	2,622,503.40
Passengers carried	135,947,869	197,346,726	182,377,494	166,510,326	158,087,984	149,529,754
Transfers	53,086,895	77,911,713	70,446,128	63,176,397	62,301,636	61,342,763
Percentage of charges, etc., to passenger earnings	93.2	84.2	79.5	71.7	61.5	57.

Comparative Statement	1915	1914	1913	1912	1911
Gross Income	5,694,136.43	6,127,096.77	6,049,018.92	5,448,050.36	4,851,541.42
Operating, maintenance and other charges	3,250,611.95	3,529,546.22	3,123,308.55	2,866,550.12	2,653,361.86
Net earnings	2,443,524.48	2,597,550.55	2,925,710.37	2,581,500.24	2,198,179.56
Passengers carried	142,061,258	152,966,153	151,236,925	135,786,573	120,997,844
Transfers	62,398,638	65,778,022	63,083,118	56,176,985	48,730,671
Percentage of charges, etc., to passenger earnings	57.9	58.4	52.2	53.4	55.2

Canada's Railway Problem

(Continued from page 17)

system of feeders. It then went into competition with the C. P. R. which had a large system of feeders, and a total capitalization of less than $40,000 a mile. The C. P. R. thus had with its low capitalization a minimum of fixed charges. The Grand Trunk Pacific on the contrary had with its lack of feeders the minimum amount of traffic, and with its high cost the maximum of fixed charges. The Grand Trunk Pacific found itself in the position that the amount per mile required to pay its bond interest, would pay all the C. P. R. fixed charges, and dividends, that is, interest on funded debt, consolidated debenture stocks, as well as dividends on the common and preferred stock and, in addition, a handsome surplus.

This misconception of the character of the road required in the Northwest, was one of the causes of failure of the Grand Trunk Pacific, and consequently of the position you now find yourselves in. This was only one of the causes. Unfortunately there were others. The McAdoo award put all the roads in the States and Canada to the bad.

It was the general belief not only of the people but of the Governments, that all railroads were moneymakers—the more roads, the more profits. The Government proceeded on the assumption that a guarantee of bonds would be no liability to the country, as the roads would be sure to earn their bond interest.

The facts are, unfortunately, very different. In 1919 the total amount paid out in interest on funded debt, dividends, etc., etc., amounted to only 3 per cent. on the total capitalization of the Canadian railways. In 1914, before the war, it amounted to only 3.2 per cent. Surely the railroad investor is not getting rich off the taxpayer, and the various governments, provincial and otherwise, need not look with longing eyes on the railways. I do not believe that any Government that has yet owned a railway has found it a mint of wealth.

C. P. R.'s Profits

Always is held up to one as the horrible example the C. P. R. Every one assumes that the C. P. R. investors have got rich. Have they? Let us see. The 1919, the latest report which I have at hand, shows the total capitalization of the C. P. R. amounted to $645,139,000. This included common and preferred stock, debenture stocks, bonds and notes. The interest and dividends paid on these securities amounted to some $42,801,000 or only 6.6%. The capitalization is not, however, as great as the actual money invested. For each share of common stock the Company has actually received in cash $112, and has appropriated from profits, which were the legitimate property of the shareholders, $31 more, making the actual cost $143 per $100 share.

On this basis the actual money invested in the road would be $756,940,000 and the return 5.65%, surely not an excessive return on the most prosperous railroad on the Continent after 40 years of struggle. It may still be urged that the common stock has paid 10% and that that amount is excessive. It is tru,e they are paying 10%, but for the great bulk of the stock, the $195,000,000 which was raised between 1902 and 1904, the shareholders actually $262,100,000, some of it being paid for at par, some at 125, some at 150, and some at 175, that is, I mean now, not what was paid for it on the stock market but what was actually paid into the Company itself,—an average of $135 a share.

In addition to this the Company actually appropriated $77,650,000 out of profits, making $340,000,000 on which the shareholders get $19,500,000 dividends, or at the actual rate of 5¾% instead of 10% as appears on the face of it. For this $195,000,000 the shareholders paid directly out of their pockets over $262,000,000 and this stock could only be sold now on the New York market at actual market rates for about $240,800,000, or an actual out of pocket loss which the shareholders would be at of some $21,000,000. And it must not be forgotten that this is after 40 years of operation.

For the first 16 years of its life the Company never paid its common shareholders out of actual earnings more than 2½% and some years nothing at all. After that time the Company gradually raised the dividend to 4, 5, 6, and 7½% and it was not till 1911 that it paid 10%. I think, therefore, that no one, neither private individual nor Government, need envy the average investor in the C. P. R., even though it be the most successful road on the Continent. If private individuals are willing to invest their money on railroads, I think the Government can well afford to let them, and easy in their minds that no railroad shareholder is going to get an unduly large return from the tax payers.

Investors Get Little

I have dwelt on the small return obtained by railway investors, because the bankruptcy of more than half the Canadian railway mileage does not seem to have driven home the lesson to many people in Canada of the inadvisability of Government construction or guarantees of new railway systems.

It was not sufficient for British Columbia because that Province had to take over and complete the Pacific Great Eastern. I think, however, the P. G. E. will suffice for this generation of British Columbians as now they have it they simply cannot get rid of their white elephant.

There are many people in the Province of Ontario who believe that Province simply must have the Hydro-Radial System. If they get it they will get a lesson that will last them many a long year.

So much for the past; what of the future?

I for one cannot feel unduly pessimistic. I know we are having large deficits, and I know that under present conditions, these must continue. I know that we have three transcontinental roads where two would have a struggle to make both ends meet. I know we have duplication and triplication of lines in parts of the country where we cannot hope for much increase in population. But when I think of the C. P. R. and the trials and the difficulties it has surmounted, I cannot believe that a way cannot be found out of the present difficulties. The C. P. R. is now a great and successful system, probably the most successful railway company on the Continent. Most of the younger generation apparently assume that it was always in this condition. But it certainly was not. It passed through many difficulties and much rough and stormy weather. Let me briefly tell you some of them. The Company was formed in 1881 to construct a road from Calendar near North Bay to Port Moody near Vancouver, a distance of 2,550 miles through a wilderness almost devoid of population.

I will give you a short summary of the conditions as they existed. There was a small village at Calandar, the end of Track on the Canada Central Railway. I believe there were some trading posts at North Bay and Sudbury, and two or three Hudson Bay Posts somewhere in the vicinity of the route selected, but otherwise there was nothing in the way of settlement, until Port Arthur (then known as Prince Arthur's Landing) was reached—a distance of 650 miles. Prince Arthur's Landing had a population of a few hundred, and there was one small village and a Hudson Bay Post nearby (where Fort William now stands). Between this point and the Red River Valley in Manitoba, a distance of 420 miles there was nothing except two or three trading posts.

The Red River Valley Settlements, but lately erected into the Province of Manitoba, contained the only extensive population between Calendar and the Pacific. The Province had that time some 62,000 inhabitants, mostly Scotch and French half breeds, settled in the Red and Assiniboine Valleys. West of Portage La Prairie, there was practically nothing. Brandon had not yet been founded. I drove overland at that time from Fort Calgary (as it was then called) to the end of the C. P. R. track near Brandon, and until a point some 25 miles west of Brandon was reached, we saw but one actual settler. Fort Calgary, 832 miles west of the Red River Valley, had a population of exactly two, and in addition at some little distance away, there was a mounted police post with one trooper and a little further away a Hudson Bay Post. From Calgary to Kamloops, a distance of 400 miles, was a trackless wilderness, along the Thompson and Fraser Valleys to the Coast a distance of 250 miles. There were a few stranded remnants of the great Cariboo Gold Stampede. Vancouver was not founded until three or four years after. The only place of any importance on the mainland was New Westminster, some distance to the south of the C. P. R. which had a population of a few thousand.

You will then see that on the whole 2550 miles there was but one traffic centre—Manitoba, with a population of 62,000, mostly half breeds, and no existing traffic to justify the construction of 100 miles, let alone 2,550.

During construction the Company had an exceedingly difficult time. The first 65 millions of stock issued brought the Company only 30 millions in cash; this with the 25 million of subsidy received from the Government, was not sufficient to build the road, and we on construction, when we had reached a point near the summits of the Rocky Mountains, suddenly received word to stop, and the whole construction force was disbanded, the excuse being that it was questionable whether the Kicking Horse Pass (the one selected) was the right route to take, or whether they should use the Howse Pass, a short distance to the north. The real reason, of course, was that the company was at the end of its tether.

I might say in passing that engineers were sent in to make a detailed survey of the Howse Pass. They were sent in late in the Autumn, and they very nearly never came out, as there were no proper trails, and when the snow came, large parties had to be sent in to bring them out. One of the parties had to return by way of the Kicking Horse Pass, and on what was known as the Golden Stairs in the Lower Kicking Horse Valley this party lost every horse that it had, with all its baggage and supplies.

The Company had then to apply to the Government for a loan. This, Sir John MacDonald, the then Premier, was loath to give, and it was touch and go wether the Company would get it or not. If it did not, then it would have been a flat failure, and the consequences would have been disastrous for Canada. Even after the loan had been obtained, money was very scarce. I can well remember we engineers in the Rocky Mountains, did not get a cent of pay for over two years.

Finally, the road was completed and then the Company's real troubles began. You can easily understand through a country such as I described there was little traffic indeed. From Montreal to Winnipeg there was practically nothing but through freight, and this found an easier and cheaper route by way of the Lakes during the summertime. On the prairies the principal and practically the only traffic was hauling Buffalo bones to the sugar refineries in the East. Through the mountains local traffic was practically non-existent. The Company thus had very small earnings and there was but little money to maintain this road properly, and it of necessity was allowed to run down. When I first saw the road again after construction I was simply shocked at its physical condition; the rails were light, banks narrow, there was no ballast, it was simply surfaced with earth from the sides; ties were rotten, in many cases I believe I could have kicked out half the spikes with my foot. Side tracks were short; yards and terminals were practically non-existent; trains did not exceed more than 17 cars in length, in comparison with 40 or 50 cars on the Great Northern and Northern Pacific which I had been for years used to seeing. In fact it was everything that a good road should not have been.

At that time, about 1895, the financial condition of the Company was just as bad. Early in the game the Company realized that it could not possibly hope to pay dividends out of earnings, so deposited a certain sum with the Government, in order that the Government might guarantee and pay dividends of 3% for 10 years on the Common stock.

The Lumber Trade Must Come to Canada

The forests of the United States are being rapidly depleted. The same is true of Eastern Canadian forests, as far as they are accessible to transportation, and the shortage across the border increasingly aggravates the situation in Canada. America is consuming lumber six times as fast as it is being produced. Within six years three thousand lumber manufacturing plants there will go out of existence. White pine in the Lake States is nearing exhaustion, and these States are paying $6,000,000 a year in freight bills to import timber. New England, self-supporting in lumber twenty years ago, now has to import one-third of the amount used.

American Supplies being Exhausted.

THE ORIGINAL PINE FORESTS OF THE LAKES STATES, ESTIMATED AT 350 BILLION FEET, ARE NOW REDUCED TO LESS THAN EIGHT BILLION FEET. THE YEARLY OUTPUT OF SAW MILLS IN THE REGION BORDERING THE GREAT LAKES HAS, SINCE 1902, BEEN REDUCED FROM NINE BILLION BOARD FEET OF LUMBER TO ONE BILLION FEET.

The "AMERICAN LUMBERMAN," October 23rd, 1920, issue, makes following significant statement:

"The outstanding feature of American lumber importation during the last fiscal year was that the value of sawed lumber increased from $28,874,405 in 1919 to $55,050,197 in 1920. Marked increases in lath, shingle and wood-pulp are also shown by figures of the Bureau of Foreign and Domestic Commerce."

Another significant advantage is the recent establishment of a freight route between British Columbia and Quebec via the Panama Canal, thus saving from $10 to $15 per thousand feet in freight between the two points mentioned. This advantage was featured in the Canadian Lumberman of September 1st, 1921.

British Columbia Timber—Indispensable!

It would appear from the foregoing figures that the United States of America will have to rely on Canada for a large portion of its lumber supplies, and the following table supplied by the Dominion Bureau of Statistics, Ottawa, shows that Canada in turn has to rely more and more on British Columbia for the vast supply of lath, lumber and shingles required by both countries:

"Lumber, lath and shingles production in the Provinces of Ontario, Quebec and British Columbia, 1918-19."

	1918	1919	1920
	$	$	$
Ontario	42,872,958	36,734,791	
Quebec	40,199,895	34,557,982	
British Columbia	39,442,660	44,746,347	60,000,000 (Estimated)

We own and offer 8% Cumulative Preference Shares of the Bridge River Timber and Manufacturing Co. Ltd., with a bonus of 75% Common. The Common Shares show an earning power of over 23%

We recommend the purchase of these shares for the following reasons:

1.—The timber is a high class Virgin Pine Forest.
2.—The average haul of water is only ¾ of a mile.
3.—The quantity is underestimated.
4.—The Capitalization is low.
5.—The assets on an extremely low valuation show value of $175.00 for each Preference Share authorized.
6.—Competent authorities value the timber at more than three times the purchase price paid for it by the Company.
7.—If only 5% of the best timber were sold at to-day's highest prices, enough net profits would be earned to pay back every dollar invested in the Company and the Stockholders would still have their Common Shares, which would own and control the Company, with 95% of its assets intact.

Property

The Bridge River Timber and Manufacturing Company owns 30 square miles (approximately 19,010 acres) of timber limits in the Lillooet District, British Columbia, on the Bridge River, and containing 244,000,000 feet, being the main body and bulk of timber in the valley, the greatest proportion of which is high class virgin pine.

This high-grade pine commands an average price of $20 to $30 per 1,000 feet higher than other soft woods, while it costs no more to log and mill the pine than other soft woods.

Prospectus will be furnished on application

PATRICK DONNELLY & CO.

Investment Securities

189 ST. JAMES STREET, MONTREAL Phone: Main 8720

Return of the Chartered Banks of the Dominion of Canada, December 31, 1922.

Made to the Minister of Finance in conformity with Section 112 of the Bank Act, Chapter 9, of the Statutes of 1913.

LIABILITIES

NAME OF BANK	Capital authorized	CAPITAL STOCK Capital Subscribed	CAPITAL STOCK Capital Paid up	Amount of Reserve Fund	Last Dividend declared	Notes in Circulation	Due to Dominion Government	Due to Provincial Govts	Demand Deposits In Canada	Notice Deposits in Canada
	$	$	$	$	%	$	$	$	$	$
Montreal	28,075,000	22,000,000	22,000,000	22,000,000	12	33,748,434	13,284,704	2,198,735	106,092,858	217,179,117
Nova Scotia	15,000,000	9,700,000	9,700,000	19,000,000	16	15,852,567	3,198,165	1,046,283	31,646,639	109,174,216
Toronto	10,000,000	5,000,000	5,000,000	6,000,000	12	6,510,903	781,610	1,608,345	25,599,847	43,588,573
Molsons	5,000,000	4,000,000	4,000,000	5,000,000	12	5,363,413	3,442,289	466,801	15,182,111	42,173,419
Nationale	5,000,000	2,000,000	2,000,000	2,400,000	12	5,175,060	9,329,757	610,768	5,527,800	32,680,577
Merchants	15,000,000	10,500,000	10,500,000	1,500,000	12	11,821,785	15,544,974	2,860,743	35,842,756	76,209,501
Provinciale	5,000,000	3,000,000	3,000,000	1,500,000	9	2,916,399	2,786,698	159,922	4,389,320	26,175,272
Union	15,000,000	8,000,000	8,000,000	6,000,000	10	9,235,889	6,172,163	3,759,871	28,096,140	64,646,828
Commerce	25,000,000	15,000,000	15,000,000	15,000,000	12	23,286,119	18,844,210	3,842,501	102,448,266	166,257,280
Royal	25,000,000	20,400,000	20,400,000	20,400,000	12	31,255,261	14,131,096	2,438,156	81,902,156	179,079,907
Dominion	10,000,000	6,000,000	6,000,000	7,000,000	12	7,326,571	9,810,013	1,068,675	25,205,038	68,057,048
Hamilton	7,000,000	5,000,000	5,000,000	4,850,000	12	5,220,891	7,044,852	1,089,961	15,544,772	41,321,070
Standard	5,000,000	4,000,000	4,000,000	4,948,499	14	5,496,950	2,592,419	966,790	16,948,250	44,906,819
d'Hochelaga	10,000,000	4,000,000	4,000,000	4,000,000	10	7,018,029	6,651,170	84,667	10,636,191	41,878,574
Imperial	10,000,000	7,000,000	7,000,000	7,500,000	12	10,949,847	1,156,468	4,489,523	24,802,778	62,777,208
Home	5,000,000	2,000,000	1,959,826	550,000	7	1,779,770	2,686,304	1,580,624	6,449,916	12,131,219
Sterling	3,000,000	1,266,600	1,232,700	500,000	8	1,211,561	3,569,453	675,412	3,723,386	11,340,924
Weyburn Security	1,000,000	655,700	524,560	225,000	7	433,197	163,846	22,845	904,298	1,229,716
Total	199,075,000	129,522,300	129,317,086	128,373,499	......	184,602,546	121,190,191	28,970,522	540,942,522	1,240,807,268

NAME OF BANK	Deposits Elsewhere	Loans from banks in Canada	Balances due to Banks in Canada	Due to Banks in the U. K.	Due to Banks Elsewhere	Bills Payable	Acceptance under letters of Credit	Other Liabilities	Total Liabilities	Loans to Directors	Average Gold and Coin Held	Average Dominion Notes Held	Greatest Amount Notes in Circulation
	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	80,256,897	....	2,160,885	51,768	1,937,375	2,671,920	2,544,390	895,712	463,022,801	1,079,477	25,749,053	57,458,672	35,362,339
Nova Scotia	31,474,487	....	716,300	107,472	1,342,463	1,180,799	411,343	390,329	196,541,069	988,561	10,164,750	15,800,924	17,193,43
Toronto	....	....	173,402	111,793	911,619	....	336,862	3,410	79,626,368	372,733	986,586	6,351,136	7,103,997
Molsons	....	....	1,504,553	8,600	264,614	....	239,016	305,407	68,950,226	261,798	701,844	3,614,873	5,757,988
Nationale	7,195,631	....	1,928	363,983	65,618	450,000	....	....	61,401,124	386,126	421,800	1,225,100	5,318,540
Merchants	2,146,380	....	1,722,344	53,857	343,043	86,385	599,872	21,973	147,253,616	470,937	4,060,270	4,283,367	14,782,270
Provinciale	....	....	591	....	18,150	....	....	148,635	36,594,990	....	146,311	207,552	3,167,519
Union	5,516,251	....	257,359	5,453,914	3,006,235	....	2,693,866	49,203	128,887,721	960,908	1,063,268	6,265,719	9,928,239
Commerce	33,204,939	....	103,632	253,355	8,143,268	1,619,269	6,142,751	15,131	364,160,627	1,185,425	18,339,000	26,043,000	25,517,209
Royal	107,710,788	....	14,321	76,280	10,985,589	4,776,724	9,168,863	58,398	441,597,544	655,029	13,493,574	17,782,933	33,722,663
Dominion	3,216,134	....	869,285	125,710	707,968	267,960	354,740	371,060	117,380,206	668,175	2,106,000	6,830,000	7,716,871
Hamilton	....	....	81,427	190,818	214,548	....	119,592	....	70,827,934	699,945	912,951	2,505,461	5,736,611
Standard	....	....	1,780,557	944,858	975,644	114,787	75,753	....	74,802,831	211,474	1,720,372	5,326,178	5,886,925
d'Hochelaga	....	....	503	127,324	450,009	....	20,050	....	66,866,520	360,400	488,527	2,899,120	7,044,699
Imperial	....	....	583,473	5,307	31,293	....	277,800	....	105,073,701	157,270	1,777,605	8,812,664	11,831,057
Home	....	....	2,500	307,777	804,465	....	....	8,880	25,751,359	287,960	190,975	947,064	1,956,895
Sterling	....	....	251,582	....	....	....	840	4,013	20,777,175	284,417	72,292	761,765	1,390,121
Weyburn Security	....	....	....	....	33,884	....	....	46,824	2,834,612	15,848	15,966	117,465	531,482
Total	270,721,507	....	10,224,642	8,182,816	30,235,785	11,167,844	22,985,738	2,318,975	2,472,350,424	9,046,483	82,411,144	167,232,993	199,948,858

ASSETS

NAME OF BANK	Gold and Subsidiary coin	Dominion Notes	Deposit for note circulation	In Central Gold Reserves	Notes of other banks	Cheques on other banks	Balance due from banks in Canada	Due from banks in United Kingdom	Due from Banks elsewhere	Government securities	Canadian municipal, British and foreign securities
	$	$	13	$	$	$	$	$	$	$	$
Montreal	25,823,597	66,139,169	1,090,000	17,200,000	3,301,999	15,935,418	....	2,307,841	11,671,758	32,574,352	25,030,933
Nova Scotia	11,528,449	20,934,292	484,286	6,500,000	2,758,211	9,089,111	....	1,086,933	3,038,167	22,914,222	10,676,092
Toronto	981,153	5,797,152	262,479	2,200,000	657,735	4,954,715	....	....	819,744	10,188,152	3,255,912
Molsons	590,422	3,267,793	205,000	1,500,000	680,535	4,819,288	4,510	560,996	1,559,757	7,362,251	2,716,039
Nationale	420,621	1,362,428	100,000	2,800,000	468,175	1,384,561	3,788	....	676,871	4,904,288	6,874,127
Merchants	4,091,467	4,336,011	530,000	2,000,000	2,421,838	7,631,416	18,250	220,081	1,156,089	14,119,450	5,137,457
Provinciale	159,396	206,522	157,825	....	541,694	2,219,103	2,940,334	7,469	242,675	4,889,951	4,793,057
Union	1,179,971	8,606,286	395,000	1,350,000	1,138,193	6,301,089	111,292	1,227,907	6,070,880	12,219,001	9,450,151
Commerce	12,849,150	24,262,712	800,000	9,500,000	4,123,588	13,458,625	877	647,794	12,661,729	24,033,772	10,125,189
Royal	13,866,285	22,963,832	985,000	14,000,000	29,377,855	18,676,143	12,475	4,793,668	17,951,147	24,952,214	9,999,251
Dominion	2,117,000	15,715,807	309,575	1,700,000	1,100,880	7,389,393	1,000	530, 142	1,867,526	13,371,201	4,168,630
Hamilton	936,830	3,515,257	250,000	500,000	686,040	3,340,471	938,997	62 ,255	710,629	5,355,453	3,366,903
Standard	1,732,229	5,894,250	200,000	1,900,000	449,826	4,076,128	100,000	81,540	675,096	8,856,049	3,141,194
d'Hochelaga	504,498	2,765,301	200,000	2,300,000	1,209,749	2,866,550	205,053	222,113	497,970	4,500,083	4,170,122
Imperial	1,782,889	7,307,471	363,284	5,002,533	1,425,949	5,286,837	633,283	490,861	2,108,777	11,430,349	3,510,681
Home	186,891	1,515,915	108,000	....	318,393	1,110,049	120,397	82,399	420,821	2,716,939	586,178
Sterling	84,203	1,016,157	66,000	....	197,223	749,671	5,000	24,946	142,630	9,813,741	2,144,200
Weyburn Security	16,232	124,542	22,861	....	21,734	25,885	578,514	....	52,014	260,115	34,366
Total	78,851,283	195,730,887	6,529,310	68,452,533	50,879,617	109,314,453	5,673,770	13,353,415	62,324,280	214,461,583	109,180,482

NAME OF BANK	Railway and other bonds and stocks	Call loans in Canada	Call loans elsewhere	Other current loans in Canada	Other current Loans elsewhere	Loans to Provinces	Loans to municipalities	Overdue debts	Real Estate other than premises	Mortgages on real estate sold	Bank premises Less written off	Letters of Credit	Other Assets	Total Assets
	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Montreal	2,834,655	3,150,588	95,384,207	165,910,241	14,633,438	3,371,165	15,499,731	540,183	26,146	53,143	5,500,000	2,544,390	95,270	510,618,232
Nova Scotia	4,131,565	7,502,162	11,731,284	91,568,764	10,547,582	....	3,066,660	117,899	74,140	179,857	6,764,547	411,343	200,823	225,306,298
Toronto	271,564	6,705,476	500,000	48,742,202	....	....	2,486,667	409,003	....	....	3,567,094	336,862	....	92,136,017
Molsons	766,196	6,654,818	....	42,179,634	....	....	1,427,751	411,285	55,775	51,290	3,099,154	239,016	306,569	78,458,087
Nationale	769,273	7,437,743	....	34,870,369	....	....	491,211	229,041	425,047	364,609	2,133,365	....	80,927	65,796,451
Merchants	2,154,889	5,596,117	3,980,179	91,925,690	944,512	....	2,129,011	2,816,450	652,988	668,637	6,535,610	599,872	413,781	160,079,805
Provinciale	1,621,968	5,887,154	....	15,098,902	....	....	1,422,956	134,880	5,500	10,269	404,097	....	308,457	41,052,217
Union	3,478,744	3,811,148	4,969,203	67,300,216	4,701,543	1,992,751	3,091,551	129,541	172,352	396,719	2,030,993	2,693,866	797,169	143,615,375
Commerce	5,752,542	16,920,086	22,165,250	184,589,112	24,022,731	676,471	14,751,306	819,398	595,775	186,391	7,364,595	6,142,751	32,178	396,482,032
Royal	16,251,120	16,769,626	25,043,791	149,737,291	89,914,668	1,032,600	5,888,184	431,427	958,968	272,961	10,663,753	9,168,863	134,469	483,845,600
Dominion	1,751,108	6,561,853	3,835,12[illegible]	62,787,915	554,542	....	922,658	144,358	5,430	17,227	5,830,229	354,740	299,596	131,335,942
Hamilton	367,749	6,812,557	400,000	46,253,465	....	54,285	3,233,822	470,346	683,691	160,588	3,110,910	119,592	329,369	81,659,415
Standard	1,202,922	5,553,844	....	45,867,110	....	....	1,479,451	480,940	86,540	13,500	1,819,764	75,753	66,666	84,922,127
d'Hochelaga	288,942	6,753,004	350,000	41,702,643	....	....	2,517,097	383,903	216,815	358,662	3,354,845	20,050	74,424	75,4021,33
Imperial	277,961	5,279,939	1,500,000	60,067,118	....	785,863	6,072,029	682,212	509,495	427,428	5,598,787	277,800	674,374	121,461,059
Home	1,786,430	1,620,481	....	16,286,662	24,038	....	30,388	224,556	86,546	96,147	938,195	....	154,259	28,345,49
Sterling	313,423	54,293	....	7,111,841	....	....	50,820	9,762	....	2,671	560,491	840	284,136	22,632,107
Weyburn Security	....	....	....	2,054,159	....	....	57,642	9,081	27,120	24,817	204,219	....	70,863	3,584,250
Total	44,021,051	113,071,089	169,859,037	1,174,053,434	145,343,054	7,913,135	64,618,935	8,444,145	4,582,328	3,284,916	69,480,648	22,985,738	4,323,330	2,746,732,60

Column No. 4. Of this deposit 10,502,533 is in gold coin; the balance is in Dominion notes

FINANCE DEPARTMENT, OTTAWA, JAN. 23rd. 1922

CANADA PERMANENT MORTGAGE CORPORATION

ANNUAL MEETING

The Annual Meeting of Shareholders of the Canada Permanent Mortgage Corporation was held at the Head Office of the Corporation, Toronto Street, Toronto, on Friday, January 27th, at twelve o'clock noon.

The President, Mr. W. G. Gooderham, occupied the chair. The Assistant General Manager, Mr. George H. Smith, was appointed Secretary of the Meeting, and read the Report of the Directors for the year 1921, and the Statement of Assets and Liabilities, which are as follows:

REPORT OF THE DIRECTORS

The Directors have much pleasure in presenting to the Shareholders the Annual Statement of the business of the Corporation for the year 1921, which has been duly certified by the Auditors.

The net profits for the year, after deducting interest on borrowed capital, expenses of management, all charges and losses, together with War Revenue, Dominion Income and other Taxes, amounted to	$ 896,366 02
The balance at the credit of Profit and Loss at the beginning of the year was	154,770 58
Making available for distribution	$1,051,136 60
This sum has been appropriated as follows:—	
Four quarterly dividends of Three Per Cent. each on the Capital Stock	$ 780,000 00
Balance carried forward at credit of Profit and Loss	271,136 60
	$1,051,136 60

The completion of the purchase of the Assets of The London and Canadian Loan and Agency Company, Limited, in accordance with the Agreement unanimously approved by the Shareholders, increased the Paid-up Capital Stock of the Corporation to Seven Million Dollars, with a Reserve Fund of Seven Million Dollars.

The Dividends paid during the last two quarters of the year were on the increased Capital Stock.

All of which is respectfully submitted.

W. G. GOODERHAM,
President.

Toronto, January 11th, 1922.

FINANCIAL STATEMENT

31st December, 1921

ASSETS

Office Premises—Toronto, Winnipeg, Vancouver, Saint John, Edmonton, Regina, Woodstock, Halifax		$ 762,874.13	
Real Estate held for sale		579,594.92	
Mortgages — Principal $31,949,745.55; Interest $1,044,288.80		32,994,034.35	
Loans on Stocks, Bonds, etc.			
Loans on Corporation's Stock	$137,749.71		
Loans on other Securities	126,320.51	264,070.22	
United Kingdom, Dominion of Canada and Provinces of Canada Securities		450,661.48	
Canadian Municipalities, School Districts and Rural Telephone Debentures		195,912.61	
Other Bonds, Debentures and Debenture Stock		370,825.00	
Stocks—Canadian Pacific Railway Co.	$260,000.00		
The Canada Permanent Trust Company	978,000.00	1,238,000.00	
Cash in Chartered Banks and on Hand		2,221,635.41	
			$39,077,608.12

LIABILITIES

To the Public—			
Debenture Stock and Accrued Interest (£173,432 5s. 7d.)		$ 844,037.08	
Debentures — Sterling — and Accrued Interest (£2,554,588 12s. 11d.)		12,547,187.17	
Debentures — Currency — and Accrued Interest		4,468,116.13	
Deposits and Accrued Interest		6,729,651.00	
Sundry Accounts		7,480.14	
			$24,596,471.52
To the Shareholders—			
Capital Stock subscribed	$7,000,000.00		
Capital fully paid		$7,000,000.00	
Reserve Fund		7,000,000.00	
Dividend payable 3rd January, 1922		210,000.00	
Balance carried forward at Credit of Profit and Loss Account		271,136.60	
			$14,481,136.60
			$39,077,608.12

R. S. HUDSON, Vice-President and Joint General Manager.
JOHN MASSEY, Joint General Manager.

We beg to report that we have audited the books of the Canada Permanent Mortgage Corporation for the year ending 31st December, 1921, and have verified the cash, bank balances and securities of the Corporation. That we have examined the foregoing statement and that it agrees with the books of the Corporation.

That after due consideration we have formed an independent opinion as to the position of the Corporation.

That after our independent opinion was formed, and according to the best of our information and the explanations given us, we certify that in our opinion the statement sets forth fairly and truly the state of the affairs of the Corporation.

A. E. OSLER,
HENRY BARBER,
Chartered Accountants,
Auditors.

Toronto, January 10th, 1922.

In moving the adoption of the Directors' Report, the President, Mr. W. G. Gooderham, said:

The Report of the Directors and Financial Statement, which have just been read, bear eloquent testimony to the growth and importance of the Corporation, as well as to its strength and stability. I am sure they have been received by the Shareholders with much satisfaction.

The consolidation of the Assets and Liabilities of The London and Canadian Loan and Agency Company, which was taken over during the latter half of the year, with those of this Corporation, will render interesting a comparison of some of the items appearing in the Statement.

At the end of 1920 our Mortgages on Real Estate amounted to $28,064,269. The Mortgages assigned to us by The London and Canadian amounted to $4,416,092, making a total of $32,480,361. The present large amount of $32,994,034 is, therefore, an increase of $513,673.

An examination of the Statement of Assets will show that the Corporation has comparatively few investments other than its loans on real estate. Loan Companies and Mortgage Corporations were originally brought into existence for the purpose of providing funds required by owners of farm lands and other real estate, and the Directors and Managers of the Canada Permanent have always had the conviction, not only that it was their duty not to depart from this basic principle, but also that the interests of the Corporation will be best served by adhering to the policy of confining its investments as much as possible to that class of security.

The Mortgages held amount to more than ninety-one per cent. of the Corporation's investments, exclusive of its cash on hand and office premises, required for carrying on its extensive operations throughout the Dominion.

It may be added that the security for these Mortgages consists solely of improved and productive freehold lands, chiefly farms, and dwellings in the principal cities. The small average amount of these loans, to which I have called attention in previous years, is the best evidence of the care with which the securities have been selected.

We have continued our policy of renewing our debentures payable in Great Britain, and of receiving such additional British money as was offered, notwithstanding the temptation to follow the example of some other lending institutions and to secure the large profit which could have been made, owing to the depreciation in Sterling Exchange, by paying off these Debentures as they became due. We have felt not only that it was greatly in the interests of the Dominion to retain this British money in this Country, but also that the ultimate welfare of the Corporation would be best served by foregoing the present temporary advantage and maintaining the organization we have been building up for nearly half a century, and which in the past has provided such a large volume of Scotch capital for loaning to owners of Canadian real estate. It was the introduction of this money from Scotland, in which the Canada Permanent was a pioneer, that first made it possible in the latter portion of the nineteenth century, for our farmers to obtain loans at reasonable rates of interest; and the return of a considerable portion of it at a time when the demand for mortgage funds greatly exceeded the supply has had a very appreciable effect in aggravating a condition of extreme shortage of loanable funds and of high rates of interest necessarily attendant thereupon.

Our Sterling Debentures now exceed the aggregate of the amount outstanding a year ago, and of those of the London and Canadian which we assumed, by $901,215. Throughout 1921 the yield on Government and other sound securities offered to the British investor, have continued to rule high, and to secure this result we have had to pay an attractive rate of interest. For the reasons already mentioned, we have felt satisfied to do so, and that our policy of taking a longer view of the situation will meet with your approval and be ultimately justified by events. To many the great improvement which has taken place during the past year in the quotation of the pound sterling, has come as a surprise.

The amount of our Debentures payable in Canada shows a small decrease. There were frequent issues of Provincial and Municipal Bonds during the year and in face of the competition of these and other attractive securities the manner in which our Currency Debentureholders have renewed and in many cases added to their holdings, is extremely gratifying. The reduction is considerably more than accounted for by one investment of a large amount which became due during the year and which was required for the purposes of the debentureholder's business.

The increase of $600,000 in the aggregate of our deposits is also a source of satisfaction. We have a large number of depositors of modest sums, and the average credit balance is comparatively small. Our officials are continually receiving assurances of the fact that our depositors appreciate the facilities provided and the unquestionable security afforded them. Among the ever-increasing number who are availing themselves of these facilities are many who have been recommended to us by those who have been depositors for years.

The Statement shows one increase which is not so gratifying as the others, namely, the amount of real estate held for sale. The amount is, however, less than one and three-quarters per cent. of the aggregate of our real estate loans. This real estate is carried in our accounts at prices which we have no doubt will be more than realized, and last year produced a rental equal to 10.66 per cent. of the amount at which it appears in the Assets, although a considerable number of the properties comprising this amount came on hand in the closing months of the year and, being chiefly farm lands, did not yield any revenue to the Corporation in 1921.

I need not refer to the adverse conditions affecting the results of agricultural operations last year, as you are no doubt familiar with them. The rapid decrease in the prices obtainable for grain and other farm produce, following a disappointing yield of grain of a deteriorated quality, due to unfavorable weather conditions, not only during the germinating season, but for a protracted period after harvest, and before much of the grain could be threshed, has greatly diminished the ability of all farmers to meet their liabilities, and in numerous cases has seriously affected their ability to take adequate means to ensure satisfactory production in 1922. We believe the interests of the Corporation, as well as the Dominion, will be best served by a continuance of our usual policy of showing every consideration to such of the Corporation's borrowers as find themselves in this position, granting them such extensions of time for payment as it is felt the circumstances warrant; and, if some additional advances be found necessary to enable them to operate their farms this year, to give every reasonable consideration to their needs. It would seem to be of first importance to keep the present farmers on their lands and ensure, as far as possible, their being able to contribute to the Country's production.

As was intimated a year ago, we began in 1921 to pay to the Shareholders dividends at the rate of Twelve Per cent. instead of Ten Per Cent., as had been paid for some years previous. The present rate of dividend is just twice the Six Per Cent. rate which was paid from 1900 to 1907 inclusive. Owing to the increase of One Million Dollars in the amount of Capital Stock due to our having taken over the London and Canadian, which according to the terms of the agreement took effect from the First of July, 1921, the increased dividend paid accounted for $780,000 of the Net Profits for the year, instead of $600,000, which were used for this purpose in 1920.

Before concluding, I must make reference to the great loss sustained by the Corporation in the death on 19th September, 1921, of Mr. John Campbell, S.S.C., the senior partner of our Chief Agents in Edinburgh, Messrs. Mylne & Campbell, W.S. Mr. Campbell had been associated with the Canada Permanent from the time its debentures were introduced into the British market in 1875. He always evinced a great pride in the Corporation, and it was very largely due to his wide and far-reaching acquaintanceship and influence, and the universal esteem in which he was held in Scotland, that through the medium of Canada Permanent Debentures a large volume of Scotch money was made available to Canadian land-owners. He had for many years been a large holder of the Corporation's stock, which he was continually increasing, as well as an investor to a very considerable amount in its Debentures, and in 1909 was elected a Director. His demise is sincerely regretted by his colleagues on the Board and by Managers and other Officers of the Corporation. The vacancy on the Board has been filled by the appointment of his eldest son, Mr. A. B. Campbell, the active member of the firm of Mylne & Campbell. Like his father, he has been a visitor to Canada, is well acquainted with its natural and other resources, and is very loyal to the interests of the Corporation with whose business he has been for many years closely identified.

While there are other questions to which reference might be made, I think I have said sufficient to assure you that I am more than ever satisfied with the strong position the old Canada Permanent occupies today, after nearly sixty-seven years of useful service to the Country, with the soundness of its investments, with the progress it is making, and with its prospects for even greater usefulness and increased prosperity in the future.

I know that the Executive Officers, with whom I am in daily association, have a high sense of responsibility and of loyalty to the interests of the Corporation and its Shareholders.

I have the greatest possible pleasure in moving, seconded by the Vice-President, that the Report of the Directors be received and adopted and, together with the Financial Statement, be printed and a copy sent to each Shareholder.

The motion was seconded by the Vice-President, Mr. R. S. Hudson, who said:

The President has given you such a clear insight into the Corporation's business that it is hardly necessary for me to make many remarks. There are a few things, however, I think worth while to emphasize.

In the first place, we have paid out in Dividends during the year 1921, $180,000 more than in 1920.

During the year the Corporation acquired the Assets of The London and Canadian Loan and Agency Company, including mortgages to the amount of $4,416,092. For several years the Corporation's mortgages have been valued on a most conservative basis, reducing the amount at which they are taken in our Assets. In order to place the London and Canadian mortgages on the same basis, an appropriation of a considerable sum from our Profit and Loss account was necessary. This has been done and, notwithstanding this, our unappropriated profits have been increased by the comfortable sum of $116,366.02, and now amount to $271,136.60.

I may inform the Shareholders that every loan or investment of any kind, no matter how small, must be submitted to and receive the approval of the Directors. After an application for a loan has been received and considered by the Manager of the local Branch, if he is prepared to recommend its acceptance, it is sent to the Head Office with the report and recommendation of a salaried Inspector, in addition to the report of the local Appraiser, when if the Executive Officers also recommend its acceptance it is finally submitted to the Board of Directors for their approval or otherwise. Applications for renewal of existing loans have also to be approved by the Directors in addition to other Officers mentioned. It is a part of the duty of the Auditors to see that every new or renewal loan has had the authorization of the Board; and the Auditors report each month with reference to this as well as all other features of their examination, which is carried on from day to day.

I may also point out that, in addition to the careful work of the Auditors at each Branch, who have had a great deal of experience in the mortgage business, and who are answerable to Head Office, each Office is thoroughly inspected each year by Head Office Officials, who report fully thereon, so that we have definite information of the exact position of each account at each Branch.

To show the character of our investments, I would say that at the time of the Branch inspection (exclusive of the London and Canadian mortgages, which had not then been taken over) out of 14,816 mortgages, 93 per cent., or 13,824, had been either fully collected as to interest and principal, or collected to our entire satisfaction. The total number of mortgages at the end of the year, including the London and Canadian, was 17,137, an average investment per mortgage of $1,925.30.

I think you all know the conditions that have prevailed in the West during the past year, particularly in Saskatchewan, both as to poor crops in many localities and the poor return for what the farmer had to sell. Notwithstanding that, we have collected in the Province of Saskatchewan alone $83,721.59 more principal than in 1920, and $76,796.56 more interest (exclusive of London and Canadian.)

The conditions in the Southern part of Alberta, through a succession of bad crops, are anything but promising and, although we have the greatest sympathy with the farmers who find themselves in their present position largely through no fault of their own, still these conditions do not affect our business, as we have practically no farm loans in that part of the Province, and as a matter of fact we have not a single farm property on hand in Alberta.

We have collected in cash at all Branches from our investments (including London and Canadian from 10th August only), during the past year $6,356,603.83, which is about equal to our total deposits.

If these things are not evidences of strength and stability, I do not know what could be offered to substantiate the condition of your Corporation. The President concluded his remarks with an expression of his satisfaction with its strong position. I may tell you that in this, as in all that he has said, he speaks with knowledge. The President of this Corporation has no perfunctory idea of the duties attaching to that office nor of the responsibility connected therewith. In addition to regular attendance at the weekly meetings of the Board, he visits the office daily and maintains the closest possible acquaintanceship with the business being transaced from day to day.

I am quite well aware that these results could not be obtained without the hearty co-operation of the members of the staff, and it gives me pleasure to bear testimony to that fact.

I would also emphasize the fact that the Canada Permanent Mortgage Corporation owns practically the whole of the stock of The Canada Permanent Trust Company, and every Shareholder is deeply interested in the progress of the Trust Company and can contribute his quota to its advancement, if it be kept constantly before the mind.

It gives me great pleasure to second the President's motion.

The President's motion to adopt the Report of the Directors was then put to the meeting and was unanimously carried.

A motion approving of the par value of the shares in the Capital Stock of the Corporation being changed from Ten Dollars each to One Hundred Dollars each was unanimously carried.

The election of Directors for the ensuing year resulted in the unanimous re-election of the retiring Directors, namely:

Messrs. W. G. Gooderham, R. S. Hudson, Col. Albert E. Gooderham, J. H. G. Hagarty, John Massey, F. Gordon Osler, E. R. C. Clarkson, William Mulock, K.C., George W. Allan, K.C., of Winnipeg, and Archibald B. Campbell, W.S., of Edinburgh.

Messrs. Henry Barber and A. E. Osler, Chartered Accountants, were re-appointed Auditors for the current year.

At a meeting of the Directors, held after the adjournment of the Annual Meeting, Mr. W. G. Gooderham was re-elected President, and Mr. R. S. Hudson, Vice-President.

B. C. PERMANENT REDUCED EXPENSES

Operating Costs Were More Than $2,000 Less Than Previous Year

Although the earnings and profits of the British Columbia Permanent Loan Company for last year were not so large as for 1920 they made a favorable showing as compared with previous years. President D. H. Wilson in his report refers to the fact that in addition to $43,744 transferred from surplus, reserve has been further increased by the transfer of $6,256.08 from premiums on capital stock being paid under instalments, and now amounts to $775,-000.00, or 82½% of the paid-up Capital. The returns, principal and interest, from mortgages and agreements amounted to $506,959.38, or an average of over $42,000.00 per month. The enjoyment of such large monthly returns, coupled with government bonds, $473,007.58, strongly demonstrates the liquid nature of the company' assets. Accrued interest receivable on mortgages and agreements, $25,953.89, has not been absorbed into profit and loss account."

Following are comparative figures from the profit and loss account in the past three years:

	1921	1920	1919
Earnings	$226,595	$254,849	$224,729
Expenses	50,703	52,950	51,989
Interest	57,025	57,945	67,485
Taxes	17,432	17,486	10,566
Written off	......	......	2,900
	$125,160	$128,381	$132,940
Net profits	$101,435	$126,468	$ 91,789
Bal. forward	41,326	x104,709	102,903
	$142,761	$231,177	$194,692
Dividends	74,844	74,063	......
Int on stock	183	192	1,429
Reserve	43,744	105,596	28,156
Contingent	......	10,000	5,000
Balance	23,989	41,326	160,107
	$142,761	$231,177	$194,692

xLess dividend for 1919, paid 15th January, 1920.

The company's earnings record for the past seven years may be summarized as follows:

Year	Paid-up Capital	Profits	Div.	% on av. cap.	Earn. rate
1921	$940,763	$101,435	6+2	10.9	5.9
1920	926,721	126,468	6+2	13.6	7.5
1919	923,721	91,789	6	9.9	6.5
1918	923,290	76,289	..	8.3	4.3
1917	923,290	45,729	..	5.0	2.8
1916	923,290	57,536	..	6.2	3.3
1915	923,290	52,200	5	9.2	3.3

The balance sheet shows total assets somewhat reduced.. A further reduction in funds obtained on sterling debentures is noted but this is largely conterbalanced by increases in currency debentures, debentures placed in the United States and deposits.

BRAZILIAN AND EXCHANGE

Editor, FINANCIAL POST,
Toronto, Ont.

Sir:—Replying to an inquirer in your issue of Jan. 6th, you remark that Brazilian has tried the patience of its shareholders some years now; also that the Company requires a good deal of money for development purposes and this seems likely to be considered by the management before dividends. There is something in the Brazilian situation which deserves the close attention of the public, in order that they may realize just what the management have been doing. Here is a Company which has been making splendid profits for seven or eight years, during all of which time the shareholders have remained without dividends. The management have appeared to have seized upon adverse exchange as a pretext for using these very large profits for purposes of new plant and extensions—for example, a costly new telephone system for one of the Brazilian provinces. In other words, they have arbitrarily and tyranically compelled the shareholders to submit to forced loans, seasoning the dose with periodical disquisitions on the exchange situation. Had they allowed Brazilian profits to accumulate for the benefit of shareholders against the time when exchange became more favorable, or had they adopted the expedient of a stock dividend, we would then have known that they were acting in good faith. As it is we know that they have handed out to shareholders the shabbiest treatment possible to imagine and that, unless the directors can be speedily brought to time, this line of treatment will be continued indefinitely. As a shareholder of the company, I have reached the conclusion that my best course is to take what I can get for my stock and let this precious Directorate do what they will with the Company. I am satisfied now that they believe shareholders have no rights except that of losing their money when the enterprise proves a failure, while at the same time they can never hope for dividends when the business is a success. For my part, I think it more prudent to take the other side of the street when I see gentlemen of this kidney approaching.

Yours truly,
ADVERSE EXCHANGE.

Winnipeg, Jan. 14, 1992

PEOPLES LOAN CORP. INCREASES RESERVES

Now Amount to 14.17 Per Cent. of Capital — Profits Slightly Higher

Comparatively little change is noted in the position of the Peoples Loan and Savings Corporation at the close of the fiscal year, 1921, as compared with the previous year. Dividends have been maintained at the rate of 5 per cent. and the company has added the usual $5,000 to reserve. Net profits show a slight increase from $28,393 to $29,229, and a balance forward of $3,584 brings the total for distribution to $32,813. After dividends and provision for reserves there is a balance of $3,282. Comparative statement of earnings of the past three years is as follows:

	1921	1920	1919
Net profits	$29,229	$28,393	$31,654
Bal forward	3,584	4,589	2,149
	$32,813	$32,982	$33,803
Dividends	24,531	24,398	24,214
Reserve	5,000	5,000	5,000
Balance	3,282	3,584	4,589
	$32,813	$32,982	$3[illegible]

The record over seven years follows:

Year	Paid-up Capital	Profits	Div	% on av. Cap	Earn Rate
1921	$494,101	$29,229	5	5.9	5.2
1920	489,388	28,393	5	6.0	5.2
1919	486,720	31,654	5	6.6	5.9
1918	482,954	30,312	5	6.3	5.9
1917	480,877	29,855	6	6.3	5.8
1916	474,394	31,691	6	6.8	6.3
1915	463,621	29,640	6	6.5	6.0

Assets show a slight increase from $1,094,702 to $1,100,310. Mortgages now stand at $825,790, compared with $799,662. Liabilities to the public show a small decline from $526,-730 to $524,925. The reserve fund now stands at $70,000 being 14.17% of the paid-up capital, and the contingent reserve at $10,000.

HOW ERIE WAS SAVED

Maintenance Work by Contract Resulted in Saving of $2,400,000

Erie Railroad saved $2,400,000 in 1921 by contracting for maintenance work, as compared with what the same upkeep would have cost if performed by the company under the wage scales and working rules established by the Railroad Labor Board. Savings by similar means in 1922 are estimated at $3,000,000.

Following the termination of federal control, Erie was the pioneer in contracting for maintenance, partly due to the fact that for many years before the government took over operation of the roads this company had let work on contract wherever economical.

For instance, most roads send a car to the shops if a door comes loose at a local station. Erie, on the other hand, empowers its station agents to employ a local carpenter to make the repairs. Where these are trifling, the cost of the haul to the shops is more than the cost of the repairs. For 10 years prior to federal control, Erie contracted for all the painting of its structures.

Long pursuit of this policy found the organiaztion at the end of government operation in a mood and position to return quickly to contract work.

Contracts for ordinary maintenance of way were let early in 1921, with the result that, by the end of the year, 70 per cent. of the mileage was under this system. As against the Labor Board's scale of 38 cents an hour, the contractors pay 30 cents, but the saving in cents per hour is far less than the saving from increased service obtained from each man-hour.

HIS SUCKER LIST MATERIAL

Wall Street Journal

Mr. Edison's test questions for college graduates, ridiculous as some of them may seem, were in the past better grounded than may be supposed. There was a time when colleges turned out scholars steeped in the arts, but shallow in practical subjects.

Indicative of this tendency, was the answer of a fraudulent stock promoter when asked how he obtained his victims.

"From my sucker list."

"And where did you get the names for the sucker list?"

"Oh, preachers and college graduates."

BREAKING IT GENTLY

Cincinnati Enquirer

A New York silk merchant went to the bank to get his note renewed.

"I am sorry," said the banker, "but it will be absolutely impossible for me to renew your note."

The silk merchant's face paled. After a moment of thought he looked up at the banker and said:

"Were you ever in the silk business?"

"Why, of course not," said the banker.

"Well, you're in it now," said the silk merchant, as he picked up his hat and went out.